Calendar No. 650

97TH CONGRESS
2d Session

SENATE

REPORT
No. 97-469

TRAINING FOR JOBS ACT

JUNE 9 (legislative day, JUNE 8), 1982.—Ordered to be printed

---

Mr. HATCH (on behalf of Mr. QUAYLE), from the Committee on Labor and Human Resources, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany S. 2036]

The Committee on Labor and Human Resources, to which was referred the bill (S. 2036) to provide for a job training program and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

THE NEED FOR LEGISLATION

The authorization of the Comprehensive and Training Act expires this year. This nation needs a new job training program for the drop-out youth who are not prepared for employment, for welfare recipients who need training to escape from dependency, for the economically disadvantaged who cannot compete in the labor market without help. We also need a training program for the dislocated worker who needs new skills for the new jobs being created by the changing economy. The federal government has a responsibility to help meet these training needs.

New legislation must be based on four basic principles which are essential for an effective job training program. These principles are:

First, the new legislation must provide for the involvement of the private sector in the design and administration of training pro-

91-749—O

5543-5

grams. Under the current CETA system, business involvement has been limited to Title VII programs, and there is no requirement for the involvement of the private sector in all aspects of the program. Such involvement is essential because it is the private sector which will employ the graduates of the training programs and it is only those who will employ the graduates who can really define the kinds of training programs that are needed.

Second, job training legislation must recognize the true principles of federalism. The current CETA system limits the Governor to Balance of State and special statewide programs and bypasses him altogether in other cases which provide for a direct Federal to local government relationship. The new legislation will recognize the role of the state in all local programs and end the excessive involvement of the federal government.

Third, job training legislation must truly be a training legislation and not an income maintenance program. The current CETA system has provisions relating to mandatory allowances and public service employment for which justifications include providing income transfers as well as job training and employment. The new legislation repeals these provisions.

Fourth, the legislation must insist on performance. The current CETA system does not have any effective means of measuring program results or penalizing non-performance. The new legislation will provide standards for judging the programs by what they accomplish—by whether those trained are hired and earn more as a result of training. It will end federal involvement with the process of how people are to be trained. It will provide for measurement of the outcomes and remove the Federal government from involvement in the details of program operations.

In addition to these basic principles, the legislation must address two other items of major concern.

First, new legislation must emphasize the need to provide training for the dislocated workers who have no realistic prospect of returing to the job from which they are laid off. Other federal laws emphasize income transfers for these workers. Under the best of circumstances hundreds of thousands of workers in the automobile industry and other basic industries may not return to their lifetime work. We must identify those workers who cannot go back to their old jobs and provide retraining for the new and expanding occupations which exist in the economy at the present time.

Finally, new legislation must provide for coordination between the multiplicity of employment and training programs that now exist. Coordination under current law is fragmentary at best.

The bill which has been reported by the Committee is based on these principles and addresses these concerns.

PRIVATE SECTOR INVOLVEMENT

The first principle the bill is designed to address is the active involvement of private industry. This objective is accomplished through the private industry councils. The council will have a majority of members from the private sector with other representatives coming from local government, education, community-based organizations, labor unions, economic development organizations

and the public employment service. The private industry council will plan the training programs. The program plan will specify how job training in a community will be carried out. The plan will identify occupations for which skill training will be conducted. It will select organizations to provide the training. It will specify arrangements for administering the program in the community. It will determine how resources are allocated. The completed program plan will be prepared by the private industry council but it will be submitted jointly with the local government in order to establish the kind of private-public partnership that all witnesses agreed is essential for an effective job training program. If agreement between these parties cannot be reached, the Governor will settle the issue. Private sector involvement will not be limited to the local level although that is the essential place in which training programs are run. Private sector involvement is also provided for in the state job training council in which the private sector will also have a majority of representatives. That state job training council will review locally developed plans and will also have substantial involvement in state-wide administration. This expanded role for the private sector is one of the fundamental principles on which the new job training legislation is based.

FEDERALISM

The second major principle on which the legislation is based is on a recognition of the distinct but legitimate roles of federal, state and local government. The responsibilities of each will change from what they are under current law. Under the legislation reported by the Committee, the state will be the key actor in the approval of job training programs. First, and perhaps most important, the state will define the structure of the delivery system through the determination of service delivery areas. This critical determination will be done by the Governor after receiving the proposals of the state job training council and after reviewing the proposals of local government and business officials. The Governor will also be in charge of approving locally developed plans, of monitoring and auditing the performance of plans, of insuring fiscal responsibility and compliance with Federal mandates as well as of running statewide programs. In short, the basic supervisory role previously performed by the federal government will now be turned over to the state, the place where it really belongs. It is important to add that the state will provide basic guidelines for the planning of local area plans.

Local elected officials will work in partneship with representatives from their business, education and labor communities in the planning and implementation of job training programs. They will appoint the members of the private industry councils and will work with PICs to set local priorities in consort with state goals and design programs to meet them.

The federal government will be responsible for developing nationwide performance standards, operating national programs, conducting research, demonstration and evaluation activities, and monitoring state performance.

TRAINING, NOT INCOME MAINTENANCE

The third principle on which this legislation is based is that a training program must be truly a training program and not income maintenance. The Comprehensive Employment and Training Act provided not only training but also income to participants in the form of public service employment through the provisions mandating allowances for persons in institutional training and through the work experience program in which persons were paid to perform work regardless of whether it increased their employability. The new legislation has a single objective. It is to prepare people for employment. The object is not income maintenance and the provisions relating to public service employment and mandatory allowances in the old law have all been repealed. The provisions of the legislation are carefully designed to ensure that at least 70 percent of all the funds expended will go into direct training expenses with the remainder going only for essential administrative support and the kinds of supportive services without which participants would not be able to take advantage of the training opportunities.

PERFORMANCE NOT PROCESS

The next principle on which the bill is based is that the federal role must be to establish standards for program performance. In the past, the federal government prescribed at considerable length and in considerable detail how training programs are to be conducted, which too often resulted in excessive regulation. This bill departs from that practice. Instead, the role of the federal government is to specify what the results of training programs must be. The bill requires the Secretary to establish performance standards which will measure the results achieved by federal, state, and local training programs, leaving the private industry council free to design specific programs in order to achieve those specified outcomes. These standards will ensure that adults who go into training earn more than they did before they entered the program and that youth are provided the employability skills they need to secure private sector employment. If these results are achieved, the federal objectives will have been met. The federal responsibility is not to specify how the results are to be accomplished but to ensure that the expenditure of federal funds achieves the objectives intended by the legislation. This is an important step and consistent with government-wide emphasis on deregulation which is so critical to true local decision-making and more effective program management.

DISLOCATED WORKERS

The bill contains a separate title to provide retraining for dislocated workers—that is, workers who have no reasonable prospect of returning to their old employment because of plant closing or other dislocations in the economy. The evidence is clear that there are at least one half million jobs in the automobile industry-related employment that are permanently lost even if sales return to their previous levels. In the past we have tended to provide unemployment insurance and other income maintenance benefits for these

workers, holding out to them hope that they can return to their old employment. The Committee bill starts from a different premise. It is based on the presumption that these workers must be retrained for the new and expanding sector of the economy and that retraining, not long term income maintenance, is the proper public policy.

COORDINATION

A multiplicity of federal legislation relating to job training has made coordination at the state and local level difficult. The Committee bill makes major strides in this area by providing for the private industry council to plan both the training and the employment service program, by providing for joint participation of education and training agencies in programs under the bill and by authorizing Governors to consolidate advisory committees and to transfer functions among or combine federally funded agencies administering job training programs.

Brief Summary of Bill

The Training for Jobs Act is a training program for the economically disadvantaged and will replace the Comprehensive Employment and Training Act which expires in September 1982. The Act is designed to encourage business, state and local governments to work together to train and place these workers in permanent private sector jobs.

The Training for Jobs Act provides formula grants to the States with suballocations to "service delivery areas." Training programs in these areas will be designed by a private industry council in coordination with local elected officials. The Councils, appointed by the chief local elected officials, will have a majority of business members and include representatives from local government, organized labor, education, community based groups, economic development agencies and the Employment Service. A State Job Training Council, chaired by the Governor, with a majority of private sector members and representatives of local government, labor, education, the Employment Service and community based organizations, will participate in the State's planning and oversight of the program. Funds are available for training economically disadvantaged and others with significant barriers to employment. Programs will be evaulated under performance standards that measure earnings gains and welfare payment reductions. At least 50 percent of the funds are reserved for programs for persons under under age 25.

The bill includes a separate retraining program for dislocated workers who have no reasonable prospect of returning to their prior employment. The bill retains the current Job Corps program.

The bill includes a separate authorization for summer youth employment and training programs for economically disadvantaged persons under the age of 22.

In addition, the bill promotes coordination between the training program and the employment service program by giving the private industry council planning authority over the local employment service operations.

AUTHORIZATION

The bill provides for an authorization of such sums as may be necessary for an indefinite period for the basic program. Separate "such sums" authorizations are provided for the program for dislocated workers and for the summer youth program. The appropriation for the basic program is divided as follows: 22 percent for programs administered by the Secretary of Labor including the Job Corps, Indian Programs, Migrant Programs, and Program Administration; 5 percent for Governors for Statewide Program; 73 percent for States for formula suballocation to service delivery areas and to provide incentive funding for local programs exceeding performance criteria, special provisions for programs for older workers, and for programs with education agencies. An additional authorization is provided for fiscal year 1983 to keep the Job Corps at the fiscal year 1982 level.

A private industry council (PIC) will plan the training programs within each service delivery area. The plan will include identification of the agency which will administer the program in the area. The plan will be submitted to the Governors by the PIC and local elected officials. The PIC will have a majority of private industry representatives (one of whom will be the chairman) and the remainder will be form general local government, educational agencies, organized labor, community based organizations, economic development agencies and the Employment Service. Private industry membership must include representation from small business.

SERVICE DELIVERY AREA

The Governor proposes service delivery areas after receiving recommendations from the State Job Training Council. Local governments, business organizations and others may comment on the porposals and request changes in the areas. The Governor shall accept any requests from a local government with a population of 500,000 or more to be a service delivery area, requests jointly filed by local governments and representative business organizations in a proposed service delivery area unless the Governor makes specific findings of fact, and requests jointly filed by representative business organizations and units of government with a population 250,000 or more.

STATE JOB TRAINING COUNCIL

Provides for a State Job Training Council, chaired by the Governor or his designee, consisting of a majority of private industry representatives, 20 percent of local elected officials and the remainder from education, the employment service, organized labor and community based organizations. The council, subject to the approval of the Governor, will propose service delivery areas, approve local plans and provide guidance for all programs in the State.

PROGRAM ELEMENTS

Funds may be used for basic and remedial education, instutional and on-the-job training, counseling, occupational training, preparation for work, job search training, supportive services (including

necessary cash payments) and other activities designed to prepare disadvantaged for, and place them in unsubsidized jobs. Funds must be used for training related activities; funds may not be used for public service employment. 50 percent of the funds must be used to provide services to persons under 25 years of age (adjusted for local demographic differences); and AFDC recipients and school drop-outs must be served in accordance with their number in the eligible population.

LIMITATION ON USE OF FUNDS

The bill mandates that no more than 15 percent of the funds available in a service delivery area be used for administration and provides a statewide limitation of 30 percent of funds for supportive services and administration combined. It requires that justification be provided if the plan for the service delivery area includes an excess of 15 percent for supportive services.

With the exception of the summer youth program, no funds may be used to pay wages, allowances or stipends. Supportive services may include cash payments for necessities.

ELIGIBILITY

Persons eligible for programs in service delivery areas include the economically disadvantaged, defined as having an income no more than 70 percent of the BLS lower living income level for the prior six months, or persons receiving cash welfare or persons receiving food stamps. 10 percent of the funds may be used for participants not meeting these income standards but having other employment barriers.

PERFORMANCE STANDARDS

The basic measure of performance for adult programs is the increase in earnings and reductions in cash welfare payments resulting from participation in the program. Performance criteria for youth will be based on employment competencies acquired and on placements and retention in employment. Programs failing to meet performance standards for two years, after receiving technical assistance, must be reorganized or replaced.

GOVERNORS PROGRAMS

Funds are made available to the Governor to be used for a number of statewide programs including programs for dislocated workers.

EDUCATION

The bill provides for financial assistance to the Governor to be used for programs for eligible participants through cooperative agreements between State Education Agencies and entities administering programs in service delivery areas.

Funds are also available to the Governor for distribution, by formula, to State education agencies in service delivery areas to be used for improving education and training services for individuals eligible under the Act. Funds provided under this provision may be

used to pay 50 percent of the cost of the program, the remaining 50 percent must be provided for other resources.

OLDER WORKERS PROGRAMS

Provisions allow for funds to be made available to the Governor to be used for job training programs for older workers. Individuals eligible for participation under these provisions must be economically disadvantaged and 55 years of age or older.

OTHER PROVISIONS

The States have oversight responsibility for funds received within the State, including the responsibility for establishing fiscal control and fund accounting procedures in accordance with guidance from OMB and for auditing recipients at least once every two years.

NATIONAL PROGRAMS

Title IV B of the Comprehensive Employment and Training Act authorizing the Job Corps Program is retained—unamended. Training programs for Indians and Migrants are retained.

TITLE V—DISLOCATED WORKER PROGRAM

"Such Sums as may be necessary" are authorized to be appropriated for a program to identify displaced workers, job opportunities and training available and then match the worker with the training and ultimately with the job. Funds provided under the provisions of this title may be used to pay 50 percent of the cost of the program, the remaining 50 percent must consist of non-federal matching with a smaller matching requirement for States with above average unemployment rates.

TITLE VI—COORDINATION OF JOB TRAINING ACTIVITIES

Provisions allow for the PIC to be used for planning or advising on other training related federal programs. Also, Governors may combine Advisory Councils whose functions relate to employment or training. State agencies may contract with other State agencies to perform job training or related programs.

TITLE VII—SUMMER YOUTH PROGRAMS

The bill provides for a separate "such sums" authorization for Summer Youth Employment and Training Programs. Funds may be used for program elements as identified under Title I plus work experience. Participants must be economically disadvantaged persons under age 22.

AMENDMENTS TO THE WAGNER-PEYSER ACT

Provisions provide for a formula for distribution of funds to States and to Service Delivery Areas and provide for PICs to plan for local Employment Service operations in a service delivery area in consultation with the employment security agency.

DISTRIBUTION OF FUNDS UNDER TITLES I, II, and III

Purpose	Bill provisions (percent)	Percent distributions of total funds
Total availability	100	100
To Secretary for national programs	22	
Job Corps [1]	(66)	14.52
Indian and Native American programs	(10.5)	2.31
Migrant and seasonal farmworker programs	(10.0)	2.20
Other, including administration	(13.5)	2.97
To Governor for statewide programs	5	5.00
For other State and local programs	73	
For substate distribution to service delivery areas	(84)	61.32
For State education and training grants	(2)	1.46
For education agency matching grants	(6)	4.38
For programs for older workers	(3)	2.19
For performance incentive awards and serving hard to serve	(5)	3.65

[1] Does not reflect additional funding to maintain fiscal year 1982 level as authorized in the bill.

ELIGIBILITY CRITERIA

	Age	Income	Other considerations
Title/Purposes:			
Title I:			
Section 101(c)(1): Funds to service delivery areas.	No age limitation	Economically disadvantaged (as defined in Sec. 3.(3)): Use income for 6 months prior to application, exclusive of child support payments, welfare payments and unemployment compensation.. 10 percent of the funds can be used for participants who are not economically disadvantaged, but have other labor market disadvantages.	For sections 101(c) (1), (2), (3), and (5) combined: Eligible school drop-outs and AFDC recipients must be served in proportion to their percentage of economically disadvantaged persons 16 years of age or over in the area. 50 percent of funds to be used for persons who have not attained 25 years of age.
Section 101(c)(2): State education and training agency grants.	Same as 101(c)(1)	Same as 101(c)(1)	Same as 101(c)(1).
Section 101(c)(3): Education agency matching grants.	do	do	Do.
Section 101(c)(4): Programs for older individuals.	55 years of age or over.	Economically disadvantaged	None.
Section 101(c)(5): Performance incentives and funds for serving the hard to serve.	Same as 101(c)(1)	Same as 101(c)(1)	Same as 101(c)(1).

91-749 O - 82 - 2

ELIGIBILITY CRITERIA—Continued

Title/Program:	Age	Income	Other considerations
Title I: Section 101(a): Governor's statewide programs.	No limitation	No limitation	Programs for offenders, exoffenders, other persons requiring special assistance. Workers with no reasonable expectation of returning to occupation or industry from which laid off.
Title II: Indian, Native American, migrant, seasonal farmworker programs and pilot projects.	....do	....do	Participants to meet designated characteristics, i.e. Native American, Migrant, etc., for purpose intended.
Title III: CETA title IV B (Job Corps).	Age 14, not yet 22 at time of enrollment.	Economically disadvantaged	Maximum age limits may be waived in the case of handicapped persons. Preference to those who live in environments characterized by disruptive home life and cultural deprivation. 50 percent women enrollment.
Title V: Displaced worker program.	No limitation	No limitation	Workers who have been laid off from their employment, are eligible for or have exhausted their unemployment compensation, unlikely to return to their previous industry or occupation or workers who are employed in operations or establishments which the employer has determined to shut down on a permanent basis or, workers who encounter long term unemployment or have become discouraged and may have substantial barriers by reason of age.
Title VII: Summer youth program.	Under the age of 22	Economically disadvantaged	None.

ELIGIBILITY PROVISIONS APPLICABLE TO ALL TITLES

Citizenship: Participants are limited to citizens of the U.S., U.S. Nationals, permanent resident aliens, lawfully admitted refugees and parolees and other persons authorized by the Attorney General to work in the United States.

Residency: No residency requirements.

Public Assistance: Persons receiving cash public assistance or Food Stamps automatically meet economically disadvantaged criteria.

Background: Committee Consideration

On May 19, 1981, Senator Quayle published a notice in the Congressional Record of the major issues of concern in reformulating employment and training policy and invited testimony and comment. Six days of hearings were held, with testimony from over 100 witnesses and many additional statements and comments were received.

On October 21 and November 24, 1981 the Subcommittee on Employment and Productivity held joint hearings with the Subcommittee on Education, Arts and Humanities chaired by Senator Robert Stafford to examine the relationship of vocational education

and employment training as they relate to the problem of youth unemployment. Testimony was heard emphasizing the need to strengthen the relationship between the vocational education and employment training systems. Witnesses also stressed the need to allow for programs to prevent unemployment, particularly youth unemployment, by reaching those most likely to be unemployed before they become unemployed.

On January 11 and 12, 1982 the Subcommittee held hearings in Washington, D.C. on unemployment in the auto industry. Testimony received at these hearings supported the need for a separate training program for displaced workers who have no likelihood of returning to their previous jobs or industry.

These hearings were extremely valuable to the Subcommittee in exploring policy alternatives and soliciting specific recommendations for the development and consideration of an employment and training bill.

In addition to these public hearings, the Subcommittee participated in site visits, meetings and conferences on employment and training issues in Washington, D.C. and across the country.

That process furnished the background for the introduction, on February 2, 1982 of S. 2036, the "Training for Jobs Act" cosponsored by Senators Quayle, Kennedy, Hawkins and Pell.

On March 9, 1982, Senators Quayle and Hatch introduced S. 2184, the Administration's proposal to authorize job training programs for welfare recipients, economically disadvantaged out-of-school youths, and other persons who are in particular need of such training to obtain productive employment in the private sector of the Nation's economy.

The above bills would authorize programs to replace those authorized under the Comprehensive Employment and Training Act, Public Law 95–524, of October 27, 1978.

Other legislation pertaining to employment and training programs also was introduced in the 97th Congress including S. 1797, to provide private sector training and placement opportunities for residents of enterprise zones, emphasizing the use of community-based organizations and the involvement of small business concerns, introduced by Senators Dole and Weicker on October 30, 1981; S. 490, to provide a program within the Comprehensive Employment and Training Act to retrain workers about to be laid off due to productivity improvement programs, introduced by Senator Bentsen on February 17, 1981; S. 900, to assure that job skills training, and employment opportunities are furnished through Opportunities Industrialization Centers and other community based organizations of demonstrated effectiveness in certain block grant programs involving the creation of urban jobs in enterprise zones, introduced by Senator Heinz on April 7, 1981; S. 1372, to provide an effective and efficient youth employment program designed to improve career opportunities for youth between the ages of eighteen and twenty-four, particularly economically disadvantaged youth, and for other purposes, introduced by Mr. Metzenbaum on June 16, 1981; and S. 1301, to amend the Comprehensive Employment and Training Act to provide a career intern program to encourage school districts and community-based organizations to carry out programs to improve the educational employment opportunity for

youths, introduced by Senators Randolph and Chafee on June 2, 1981.

The Subcommittee on Employment and Productivity held joint hearings with the House Subcommittee on Employment Opportunities chaired by Congressman Augustus Hawkins in Washington, D.C. on March 15, 16, 17 and 18, 1982 on bills pending before the two subcommittees.

Subsequent to the hearings, a substitute for S. 2036 was developed from the best features of S. 2036 and S. 2184 as well as from recommendations received during the hearings. That substitute, with further amendments, was reported to the Labor and Human Resources Committee by a 7-0 vote by the Subcommittee on Employment and Productivity on April 22, 1982.

On May 26, 1982, the Committee on Labor and Human Resources conducted an executive session on the Subcommittee's committee print of S. 2036. That legislation, with amendments, was favorably reported out of the Committee by unanimous vote of 16-0 on that date.

Significant Features of the Bill

Title I—State Job Training Program

SERVICE DELIVERY AREA

The criteria for the establishment of service delivery areas is one of the critical features in the bill. Under prior law service delivery areas were established through population criteria. Under the bill reported by the Committee, the service delivery areas into which the entire state will be divided will be proposed by the Governor based on criteria to insure more effective planning and delivery of job training programs. Final decisions on these areas will be made by the Governor in accordance with the procedures and guidelines specified in the bill and described below.

The Governor will publish the boundaries of proposed areas based on recommendations made by the state job training council. These areas must promote effective delivery of job training services and have available an effective agency for administering those services. Further, the area shall either be related to labor market or Standard Metropolitan Statistical Area boundaries or shall be consistent with existing areas in which related services are provided under state and local law.

These criteria are not intended to be inflexible. They are designed to give general guidance to the Governor and to the state job training council. The Committee recognizes that job training programs must be planned and administered in an area that encompasses those in need of the services, employers who can provide jobs and training institutions which can deliver the services. The criteria for designating service delivery areas are designed to encourage such areas. After the Governor has published his proposed area designation, interested parties will have the opportunity to submit comments. The bill encourages the submission of joint comments on proposed areas from local governments and representative business organizations. Such joint comments may include proposed agreements relating to the planning and administration of

job training programs in the area. Such proposed agreements will be of assistance to the Governor in determining whether the area will have effective planning and administrative arrangements. Such agreements are also important because the bill is based on the premise that effective job training programs are best promoted by a strong partnership between business and government.

The Governor will make final determinations of service delivery areas after he has studied the comments that have been received, and in accordance with the procedures specified in the bill. First, the Governor must approve a petition from any unit of government with a population of 500,000 or more to be a service delivery area. Second, the Governor must approve a request from a unit of general local government with a population of 250,000 to be a service delivery area if it is filed jointly with representative business organizations in that area. The bill does not contain a definition of the term "representative business organizations" because such organizations vary greatly from area to area. It is the intent of the Committee that organizations are to be considered representative if their views reflect the preponderant business views of the community. Should any allegation be brought to the Governor's attention, that the petition is not representative of local business organizations, the Governor will have the opportunity to review the issue of representativeness when the petition is presented for his approval. The Governor's decision may be reviewed by the Secretary if an appeal is filed.

For jurisdictions under 250,000, the Governor shall approve petitions filed jointly by all the units of local government in a proposed service delivery area and representative business organizations in that area which request that these units not be consolidated into a single area and which proposes another service delivery arrangement for the jurisdictions. The Governor may override these petitions only if he makes a specific finding of fact why inclusion of such local governments into a single delivery area will promote the purposes of the Act either because such an area is needed to accommodate labor market factors or because it is necessary to coordinate with other existing delivery areas for related programs or services. The Governor's decision may be appealed to the Secretary.

PLANNING BY PRIVATE INDUSTRY COUNCILS

Local planning is a key provision of the bill. The Committee feels that the most knowledgeable determination on the effective use of available resources to meet the employment and training needs within a service delivery area can be planned for at the service delivery level. Overall direction for the development of these local plans is to be provided by the Governor in the form of State goals and objectives.

To insure local participation in planning and administering the program, each service delivery area must have a private industry council (PIC) which will be the decision making body for the planning, administration and basic structure of the program in the area.

As the first need for this new program is to strengthen private sector involvement, the composition of the PIC is private sector ori-

ented. A majority of the members of the council must be representatives of private business, including small business, who have substantial management or policy responsibility. The Chairman of the council must be selected from among the business representatives.

To assure a wide array of employment and training interests, knowledge and expertise on the council, membership shall also consist of representatives of units of general local government, educational agencies, organized labor, community based organizations, economic development agencies and the public employment service.

The responsibility for the selection of members for the council falls on the shoulders of the chief elected officials of the units of general local government in the service delivery area. Such selection of membership is to be made from lists of nominations offered to the officials by business organizations and other interested organizations in the service delivery area. For example, business representatives are to be selected from among individuals nominated by general purpose business organizations, such as the Chamber of Commerce. Such nominations are to be made after the general purpose organizations consult with and receive recommendations from other special purpose business organizations in the area, such as trade and manufacturing associations and organizations representing minority and women's business interests. The committee bill requires the representatives of the private sector to be owners of business concerns, chief executives, or chief operating officers of nongovernmental employers and other officers who have substantial management or policy responsibility. The committee intends that personnel officers of businesses be included in these descriptions.

The remaining members of the council are to be selected by the chief elected official from lists of nominations received from interested organizations knowledgeable of employment and training issues and more specifically from organizations whose membership include these people. For example, labor representation must be nominated by recognized State and local labor organizations or appropriate building trades councils; education representatives are to be nominated by education organizations, etc.

It is the committee's intent that the determination of the size of the council and the selection of the PIC representatives be made expeditiously by the local elected officials. If such actions are not taken in a timely manner, whether it be by the chief elected official or by the provisions of the agreement entered into by units of general local governments in those service delivery areas that have more than one chief elected official, the Governor is expected to exercise the provisions in this legislation to make such appointments and determine the size of the council. The committee has not included specific time frames for the establishment of the PIC's in the bill language, but instead stresses the need to act on these appointments without undue delay. The determination of undue delay is left to the discretion of the Governor.

Once the representation on the PIC is selected, the chief elected official is to submit the list of members with supportive documentation to the Governor. If the Governor determines that the composition and appointments are consistent with the legislative require-

ments for membership, the Governor shall certify the PIC as meeting the requirements of the law. Such decision is to be made within 30 days of the date of submittal of the list.

Upon certification of the PIC by the Governor, the council will prepare the program plan for the service delivery area. Major components of the plan will include the identification of the administering entity and the use of the funds. Depending on local factors, the plan may propose that the PIC serve only as a policy and planning board, in others the plan may provide that the PIC be the administering entity, contracting for or directly delivering programs and services. The Congress intends that these determinations be made locally, based on local capabilities, legal arrangements and the practical demands of fiscal accountability and day-to-day management.

The committee intends that the proposed plan contents be made available within a timetable that would allow all interested parties an opportunity to comment prior to final action on the plan. The plan is to be submitted for approval to the Governor by the PIC and the chief elected official in the service delivery area.

The plan approval process is intended to emphasize the desirability for coordination and cooperation between business and government in the service delivery area. If the official does not agree with the PIC plan, the PIC is to reconsider. If the difference cannot be resolved at the local level, the committee intends mediation be provided by the Governor. Should such mediation fail, the PIC plan together with the proposed revisions of the local elected official are to be sent to the Governor for resolution of the issues in dispute.

Plans are submitted to the Governor for approval and the bill contains criteria under which the Governor shall act. Any disapproval by the Governor may be appealed to the Secretary of Labor—but only if the appeal is jointly filed by the PIC and the approprite local elected official.

PROGRAM ACTIVITIES AND RESTRICTIONS

Allowable activities

Section 105(a) (1), (2) and (4) set out the activities permitted under the basic job training program. First, it must be emphasized that these are all training oriented activities and that any activities which are not direct training are permitted only because they directly support the key purpose of the bill—to train people for and place them in jobs.

Section 105(a)(1) sets out a list of authorized training activities. However, the key phrase in the list, the one which subsumes all the others is "any . . . job training activity designed to prepare disdvantaged persons for, and place them in employment." The Committee believes in program plan and design developed at the local level by the private industry council and does not wish to set arbitrary limits on their ingenuity or judgement. While the traditional forms of job training have been listed in the paragraph, the inclusive phrase quoted is designed to be sufficiently broad to give full range to the local creative process in designing programs to solve the job training problems of the community.

Section 105(a)(2) authorizes the provision of supportive services both to enable persons to participate in the job training program and to enable them to retain employment. The phrase supportive services is defined in section 3(15) and deserves comment. The Committee is determined that this program be a training program and not an income maintenance program and has included a number of restrictions (described below) to ensure that this is the case. Supportive services are permitted under the bill not because they may permit some cash payments but only because they are deemed necessary to enable certain individuals to participate in and secure the benefits of job training. That is why the definition of supportive services states that they are services "necessary to enable an individual . . . to participate in a training program funded under this Act." In that context, supportive services have a two part definition: one relating to the types of services that may be provided and the other to the manner in which they may be provided. The types of services include transportation, health care, child care, meals, temporary shelter, financial counselling and other reasonable expenses required for participation. The Committee intends no specific limitation on what such expenses may be but believes that the determination should be made by the private industry council based on its knowledge of the facts and circumstances of the individual and the community. It is not to be determined by nationwide regulations prescribed in Washington. Supportive service may be provided either in kind, through cash assistance or by the provision of loans either through the loan fund authorized by section 105(a)(5) or otherwise.

While the provision of allowances is prohibited under Titles I and V of the bill, the definition of supportive services specifically provides that payments made to participants as a supportive service are not included within that prohibition.

Section 105(a)(4) authorizes employment generating activities to increase job opportunities for eligible persons in the area. The Committee emphasizes that this is a narrower authority than that under existing law because it is limited to generating jobs for eligible persons. However, the Committee intends that the traditional congressional emphasis concerning linkages between publicly funded economic development initiatives and job training be continued in The Training for Job Program. "Employment generating activities" may include efforts by community development corporations to foster job creation for eligible persons through income generating ventures providing needed services or products. Such income may be retained by the venture to reach a level of self-sufficiency and create permanent unsubsidized jobs.

The Committee recognizes the benefits of long-term training and would encourage the development of programs that combine classroom training with employment—whether it be through on-the-job training or part-time work secured with employers in the community. The Targeted Jobs Tax Credit should be used as an incentive to encourage employers to hire eligible participants both while they are in training as well as after they complete the training program.

Restrictions

The bill contains three major restrictions on the use of funds under Title I: first, no funds are to be used for wages, allowances, stipends or public service employment. This restriction makes plain the Committee's determination that the bill not become an income maintenance program. It is, of course, clear that this prohibition on wage payments does not affect contracts with employers for on-the-job training in which employers are reimbursed 50 percent of the wages paid to on-the-job trainees as payment for the additional cost of training and hiring such individuals.

Second, the bill places a 15 percent limit on the costs of administration in every service delivery area. By administrative costs the Committee intends to include those costs which are associated with the management of the program. They are the costs which do not directly benefit the participant but are necessary for the effective delivery of services. They are the costs associated with supervision and management, with fiscal and recordkeeping systems and with evaluation.

Third, the bill places a 30 percent limitation on the combined total of administrative costs and supportive services on a Statewide basis. As a corollary, at least 70 percent of the funds must be spent on training activities. For purposes of these limitations, training includes all activities that are neither supportive services nor administration. In order to assist the Governor in enforcing this Statewide limitation, each service delivery area plan must specify the amount to be spent on supportive services and provide a justification if such amount is more than 15 percent of the funds for the area.

SELECTION OF SERVICE PROVIDERS

There are two provisions of the bill that deal directly with the critical question of the selection of the agencies and institutions that will actually provide training services to participants. They are section 103(e)(4) and section 105(d). The first requires the program plan to specify procedures for the selection of providers which take into account past performance, fiscal accountability, the ability to meet performance standards, and give appropriate education agencies an opportunity to provide education services. The second specifies that the primary consideration in selecting service delivery agencies or organizations shall be the cost effectiveness in delivering comparable or related services based on past performance. That section also provides that no agency or organization shall be used to provide occupational skills training unless it has been certified by the private industry council.

The basic thrust of these provisions is simple: service providers are to be selected on merit which is to include both the quality and the cost of providing service. There are no presumptions or preferences for one type of institution or organization over another. Fair competition is to be the rule.

The Committee wishes to make clear that there should be no arbitrary competitive disadvantages for service providers who have no past program experience in a particular service delivery area. On the contrary, the Committee intends that past performance be

91-749 O - 82 - 3

interpreted to mean performance in delivering comparable job training or related services to eligible participants and in meeting or exceeding performance standards or benchmarks, regardless of past geographic location.

Furthermore, the Committee does not intend to encourage the employment and training delivery system to emphasize low-cost, quick-placement training to the exclusion of considerations of program quality. Accordingly, the Committee intends that in measuring the "cost-effectiveness" of an agency or organization in delivering services, the private industry council take into account cost effectiveness relative to participant characteristics, such as educational or physical handicaps; areas served; quality of the training or service provided; and, of course, total earnings gains and reductions in cash welfare payments relative to gross program expenditures.

In specifying that education agencies have an opportunity to compete, the Committee is concerned that funds for use under this bill not duplicate facilities or services already available in an area. The Committee does not intend that this be construed to a preference to one institution over another. Instead, the intent of the Committee is to encourage the utilization of existing programs and facilities consistent with performance and cost-effectiveness criteria.

The Committee is aware of the existence of certain private organizations which also provide education services under certification by appropriate State authorities. The Committee is interested in seeing that the private sector has the opportunity to participate in providing educational services under this Act, and therefore encourages the private sector to be considered along with other service providers. In a performance-driven employment and training system, it is expected that determination of service providers will be made on the basis of competition. This competitive process contemplates that Private Industry Councils establish an objective means by which the best and most cost-effective provider of services can be determined.

While all selections are to be made compltitively, it is fair to note that the Committee has been impressed with evidence of the effectiveness of career intern programs developed and operating in several cities. The Committee therefore believes that due consideration should be given for the establishment of career intern programs, jointly conducted by community-based organizations and local education agencies, for the improvement of educational and employment opportunities for school dropout and potential school dropout youth.

PARTICIPANTS: ELIGIBILITY AND SELECTION

The basic criterion for eligibility for programs in service delivery areas is that the participant be economically disadvantaged. However, 10 percent of the funds in any area may be used for persons who have other labor market disadvantages, even though they are not economically disadvantaged. Individuals experiencing other labor market disadvantages may include individuals who are handicapped, have limited English-speaking proficiency, or are dis-

placed homemakers, ex-offenders, alcoholics or addicts, displaced workers identified under section 502, teenage parents, school drop-outs, veterans and older workers.

At least 50 percent of the funds allocated to service delivery areas by formula under Title I must be used for persons under 25. However, the Committee recognizes that age distributions vary from area to area and that the number of persons in some areas under age 25 may be unusually high or low compared to the national average. As the Committee intends that local plans be responsive to local needs, the bill allows adjustment of the 50 percent mandate by the difference that the ratio of such disadvantaged young persons under 25 to disadvantaged adults in the service delivery area bears to that same ratio nationally.

The Committee is concerned about the special training needs of AFDC recipients and school drop-outs and is aware of the fact that they have not been adequately served in the past. Therefore, the bill provides that employable AFDC recipients and school drop-outs be served at least in proportion to their percentage of all economically disadvantaged persons 16 years of age or over in the area. The Committee recognizes that timely and accurate statistical data to determine these ratios is not generally available and therefore encourages the use of the best data or estimates available for this purpose.

In planning for the number of persons to be served under the groups specified above, it is not intended that the count for each category, i.e. under age 25, AFDC recipient, school drop-out, be mutually exclusive. If a participant is both an AFDC recipient and a school drop-out under the established definitions, for example, that participant can be included as being served in both categories.

STATE EDUCATION AND TRAINING AGENCY GRANTS

"Coordination with State education and training agencies." The Committee intends, by creating the structural framework for coordination along with funds to implement the coordination, that any State education agency responsible for education and training in a State become involved in cooperative agreements with Private Industry Councils. The Committee intends to facilitate coordination and avoid duplication of services for eligible participants by fostering such ties among local public and private educational institutions and agencies, private industry councils, private employment, and community-based organizations. In addition, the Committee intends that funds available for State Education and Training Agency grants may be used, as in the case of funds available to the Governor, for programs of education and training for offenders and ex-offenders.

Sections 106 and 107 refer to "any State education agency responsible for education and training." These state level agencies include, but are not limited to, State Boards of Education, State educational agencies, State boards for vocational education and State boards and agencies responsible for community colleges, junior colleges, or public or private vocational-technical schools.

The Education Agency Matching Grants program is established to encourage joint agreements between private industry councils

and any State educational agency responsible for education and training which contribute equal matching funds or services from sources other than this Act. The Committee intends that this matching requirement can be satisified by a cash contribution or by contributions of equipment, services or supplies funded from other sources.

The Committee understands that education agency matching grants funds are to be spent on delivering vocational and other related educational services, such as basic educational skill development and remedial education to enable participants to develop to the point where they can benefit from more occupationally-specific training. In particular, these funds are to be spent on services which have been improved to better meet the needs of the disadvantaged population, through such means as self paced and individualized instruction, instruction designed to meet employer-identified basic skill requirements, and open entry/open exit programming. The Committee understands further that the direct cost of employment and training services provided by state or local programs to satisfy the match requirements of this section will be permitted only if such costs are attributable to services for eligible participants under this Act.

The Committee intends the term "related services" within the context of the Education Agency Matching Grants program to mean those educational services necessary for students to benefit from vocational training. Such services may include, but are not limited to, guidance and counseling, basic and remedial education, and employability skills development. "Basic and remeidal education" includes instruction in reading, writing, mathematics, science, and communications necessary both for students to understand vocational instruction and succeed in the job market. "Employability skills" include non-occupation specific skills such as punctuality, following instructions, personal, appearance, job holding and survival skills training, and job-seeking skills training. The Committee intends that programs offering "related services" may be offered, like other education programs, through the best availabel service provider. This provider need not be the same institution as that which provides vocational instruction.

TRAINING PROGRAMS FOR OLDER WORKERS

The Committee bill also provides authority for special training programs for economically disadvantaged workers aged 55 or older. The Committee recognizes that absolute rates of unemployment among older workers are lower than the rates for youth, yet the proportion of those unemployed who have experienced long-term unemployment is far higher among holder workers. In 1981, unemployment among males aged 55 and over rose at a far greater rate than among males below that age. Moreover, older workers more frequently become discouraged and drop out of the labor force entirely.

In addition to the unemployment data, statistics released by the National Commission on Employment and Unemployment Statistics in 1977, indicate that although persons 55 and older constituted 11 percent of the total U.S. population, they accounted for

almost 25 percent of all persons living at or below the poverty level. Among the minority elderly, the percentage living below the poverty level was even greater, reaching about 50 percent.

Thus, the newly authorized training program for older workers in the Committee bill is designed to facilitate the continued participation of older persons in the work force as well as increase the labor force participation of older persons who are willing and able to work but who are not currently in the labor force. Under this section, three percent of the funds available for State and local programs are to be directed toward older worker training programs. These programs, while administered at the state level, are to be developed in conjunction with the more broadly based local planning of the basic job training program, and are to be consistent with the local plan.

TITLE II—NATIONAL JOB TRAINING PROGRAMS

NATIVE AMERICAN PROGRAMS

Serious unemployment and economic disadvantage continues to exist among members of Indian, Alaskan Native and Hawaiian Native communities. The elimination of the Public Service Employment Program had a particularly severe impact on many of these communities.

The committee bill insures the continuation of special programs for these groups, supplementing other assistance available under the Act. They will continue to be administered as national programs by the Labor Department under the Act's mandate for centralized, national level administration of all the Indian and Native American programs.

The committee recognizes the special trust relationship between the Federal government and most of the individuals to be served by the provisions of this part of the Act, therefore a special set-aside has been predetermined to assure these groups will receive an equitable proportionate share of the fund availability; ten and one-half percent of the twenty-two percent set-aside for National programs shall be used for Native American programs. The committee intends for the continuation of Native American programs as currently authorized utilizing Indian tribes, native Alaskan and native Hawaiian organizations and urban Indian groups and intends to enable Indian and Native American recipients to develop employment and training services which are appropriate to the uniquely severe unemployment problems present on many reservations and in native Alaskan communities.

Recognizing the special nature of these programs and conditions under which they operate, the bill mandates that the Secretary of Labor prescribe variations in performance criteria for these programs taking into account their special circumstances.

MIGRANT AND SEASONAL FARMWORKER PROGRAMS

The committee recognizes the seriousness of the unemployment and underemployment in the agricultural industry and intends to continue the training programs authorized under existing law. In keeping with the committee's endorsement for cost effective pro-

grams, provisions include the added requirement for the Secretary to use standard competitive Government procurement policies in awarding grants for services administered under this part.

Another change from current legislation, is the exclusion of the requirement to continue programs for post-secondary schooling. These programs are by no means prohibited; they may be continued, if the Secretary so chooses, under the provisions of Section 212(a)(2).

Due to the special nature of farmworker employment and training problems, the committee has retained the requirement for centralized, national level administration of the program and has added the requirement that the Secretary prescribe variations in performance criteria for the programs. Also, to assure adequate funding, a special set-aside is provided to allow for 10 percent of the National Program funds to be dedicated to these programs for migrant and seasonal farmworkers.

PILOT PROJECTS

The Committee bill established a section to allow for pilot projects to meet the employment-related needs of persons facing barriers to employment, such as the handicapped and displaced homemakers. It is intended that these projects be truly demonstration projects, experimental in nature, exploring innovative approaches to eliminating employment barriers.

The bill contains a three year time limit on eligibility for financial assistance for any one project to discourage the use of these funds for other than demonstration purposes. As funding is extremely limited, it is intended that projects be of limited duration to allow for experimentation with various approaches.

The Committee finds that the Department of Labor's "Project with Industry" program to promote employment of qualified disabled persons in the electronic, as well as other industries has demonstrated its cost effectiveness through the placement of over 1,000 disabled persons in competitive employment in industry. The program rrepresents a cooperative effort among many companies and rehabilitation organizations in six locations across the country. The Committee, therefore, urges the Secretary to give careful consideration to funding this program in 1983.

The Committee emphasizes the importance of the new research authority provided to study the changing demographics of the American work-force, and urges the Secretary to take this opportunity to fund projects which hold promise of developing a national policy toward older workers.

Additionally, the Committee is hopeful that such pilot projects as are authorized by this section would address other critical manpower and training needs of the Nation, such as the present skills shortages in certain defense-related occupations, as well as develop important linkages to federal consumers of highly-skilled labor, such as the armed forces.

TRAINING AND TECHNICAL ASSISTANCE

It is the Committee's intention that the Secretary of Labor shall continue to utilize formal mechanisms, such as committees and

task forces, to draw upon the expertise of employment training policy-makers and practitioners at the state and local program levels. The Committee recognizes that such mechanisms will be invaluable sources of advice and assistance to the Secretary in identifying technical assistance needs and designing technical assistance strategies, designing a common management information system for all states, developing standard reporting and auditing procedures including rules for random audits, developing tolerance levels for non-fraudulent management errors, and designing and implementing performance standards. The involvement of these state and local policy-makers and practitioners will be particularly critical to ensuring that the transition to the new service delivery structure will occur in the smooth and non-disruptive manner which the Committee expects.

JOB CORPS

The Committee recognizes the need for the continued authorization of the Job Corps program providing residential and non-residential centers for economically disadvantaged youth between the ages of 14 and 22. Provisions include the retention of Title IV B of the Comprehensive Employment and Training Act to continue authorization of the Job Corps with no amendment other than to assure the definition of "economically disadvantaged" is the same as in the Training for Jobs Act.

The Committee is most concerned over the funding level for the Job Corps program and provides for 66 percent of the funds available for national programs to be set aside for the Job Corps. If such amounts for fiscal year 1983 are insufficient to maintain the Job Corps at an amount at least equal to that available for the program in fiscal year 1982, the Committee bill contains provisions for a "such sums" authorization to bring the funding up to the fiscal year 1982 level.

As the Job Corps program are administered predominantly through residential centers and as participants for those centers are recruited nationwide, the Committee states clearly its intent to preserve this program as one to be administered from the national level rather than by individual State or local entities.

The Committee would also like to note its support for the advanced Career Training (ACT) program funded and administered through Job Corps. This program has encouraged promising Job Corps participants to enroll in community and junior colleges and in specialized trade schools. While the Committee bill does not contain a specific authorization for this program, the Committee believes current language permits this worthwhile activity.

NATIONAL COMMISSION ON EMPLOYMENT POLICY

The Committee recognizes the value of the National Commission for Employment Policy (NCEP) as a reliable source of advice on national employment and training issues. The Committee bill retains the provisions of Title V of the Comprehensive Employment and Training Act relating to the NCEP with certain amendments. It also authorizes the National Commission to advise the Secretary in setting performance standards evaluating their effectiveness.

The amendments include provisions to increse from three to six the number of staff who can be appointed without regard to civil service rules and regulations. It is the Committee's opinion that this adjustment to allow for an increased ratio of short-term non-civil service professional appointees will assure an optimal responsiveness to the need for changing projects over time.

The Committee also feels that the mix of governmental and business representatives is useful and appropriate, but that the role of Federal agency heads should be advisory. Therefore, the Committee bill includes federal agency heads in the membership as non-voting members.

Title III: Administrative and General Provisions

SUPERVISION OF THE PROGRAM—THE ROLE OF THE GOVERNOR AND OF THE SECRETARY OF LABOR

The core of the Training For Jobs program is its reliance on local decision-making by the private industry council and the development of an effective private-public partnership to plan and administer job training programs. However, the Committee recognizes the need to ensure that such local decision-making is consistent with statutory criteria and that there be effective mechanisms for ensuring that the program produces results.

Under the bill, the basic supervisory role is given to the Governor, acting with the advice of the State Job Training Council. The Governor determines service delivery areas, the Governor prepares the State goals and objectives to guide local planning, the Governor approves local plans, the Governor resolves differences between the private industry council and local government. Further, it is the State which is required to establish fiscal control and accounting procedures and it is the State which is responsible for ensuring financial and compliance audits. The Committee does not intend that there be additional layers of bureaucracy in the program—rather it has transferred to the State level these functions previously performed by the Secretary, in general through the Department's regional offices.

The Secretary does retain a role in the management of the system. By far the most important one is the setting of performance criteria. The Committee cannot overemphasize that the Federal role is not to determine how programs are to be designed or administered but rather to set the standards against which program performance is to be measured. The Committee does not expect lengthy Federal regulations; it does expect prompt promulgation of effective performance criteria. (see below)

The Secretary of Labor does retain management responsibilities for the local programs which are specified in sections 304 and 306. Most importantly, he is required to monitor recipients and subrecipients to ensure that they are complying with the Act.

PERFORMANCE STANDARDS

It is a fundamental premise of this bill that job training is an investment in human capital which will pay dividends by increasing the productive capacity of the participants as measured by in-

creased earnings of the trainees and by the reduced need for future income transfer payments. It is essential that we measure the results of that investment to determine whether it has, in fact, proved productive. The Committee intends that, when this system is in place, the Congress will know not only what it has invested in training but also what that investment has produced in aggregate earnings gains and aggregate welfare payment reductions. In short, the Congress expects to be told that for each $1 of investment in training that the nation has received a specified number of dollars in return through increased earnings and welfare reductions.

While performance standards are important on an aggregate basis, they are even more essential for determining the efficacy of programs on a State and local basis. The Committee has given a great deal of flexibility to State and local programs for the design and administration of programs and it does not intend that such flexibility be circumscribed by detailed regulations from the Department of Labor. But as the condition for that local flexibility in design, the Committee intends that programs be held accountable for results. That accountability is the task of the performance standards to be issued by the Secretary of Labor—his most important task under the bill.

The ultimate standard to be issued by the Secretary is a concise one: it is to relate gross program cost to the combined total of earnings gains and cash welfare reductions. The Committee recognizes that there are many methodological questions to be resolved in how such earnings gains and welfare reductions are to be measured and it has given the Secretary a great deal of latitude in resolving those issues. Specifically, the Secretary is to determine the base period prior to participation that is to be used for measuring changes *ie.* should it be the participants' earnings and status at the moment of enrollment or a representative period (such as six months or a year) prior to participation. Even more important, the bill gives the Secretary discretion to determine the period after termination that is to be used to measure the gain. The Committee recognizes that both the accuracy of the data and the cost of collecting it increase directly with the length of the period chosen. The Committee expects the Secretary to choose the most cost-effective period. In order to reduce costs of collection, the bill also gives the Secretary a great deal of latitude in prescribing methods for the collection of post-program data, including sampling methods and access to other records.

The Secretary's standards will be uniform, except that he is to prescribe necessary variations to take into account the special circumstances facing Native American and migrant and seasonal farmworker programs. The Committee is aware, however, that the conditions for the success of job training programs vary by area and regional circumstances; that factors such as unemployment rates, wage rates, eligibility for cash welfare payments, economic growth and decline will have an impact on the relative success of the best designed program. Accordingly, the bill gives to the Governors authority to prescribe variations in the standards prescribed by the Secretary based on conditions in that State or of conditions within specific service delivery areas within that State. While these variations are not made subject to review by the Secretary, the

91-749 O - 82 - 4

Committee expects them to be carefully scrutinized by the Secretary and to be informed if such variations are used to undermine the basic performance standard, rather than to provide the legitimate variations required by local economic conditions.

The bill recognizes that the general performance standards described above may not be the appropriate measure for measuring programs geared to school age youth. Such youth typically change jobs with considerable frequency and have intermittent attachment to the labor force. Because of these factors, earnings gains are frequently not the most appropriate measure of the success of a youth training program. Accordingly, the bill provides for local development of alternative performance standards applicable to such youth programs. These alternative standards will be based on employment competencies recognized by the private industry council and on placement and retention in employment. The concept of "employment competency" is one that is difficult to define—though not so difficult to recognize. Essentially, an employment competency is a skill or credential that is used by employers as a significant determinant in making their hiring decisions. Because such decisions are subject to so much local variation, the bill vests the identification of such competencies at the local level. However, to ensure against abuse and to prevent the promulgation of unduly low standards, these standards are to be reviewed by the Governor and the Secretary pursuant to regulations to be issued by the Secretary.

The Committee firmly intends that the development of performance standards not be one more paper exercise. These standards are to be enforced. The bill mandates the Governor to provide technical assistance to the administrator in any service delivery area that does not meet performance standards and requires him to impose a reorganization plan if such failure persists for a second year. The bill gives the Governor considerable flexibility in the reorganization methods that he imposes. However, the Committee wants to make plain its intent that the mandatory imposition of sanctions shall require sufficient change in the administrative structure that the causes of that failure be eradicated by using any of the procedures specified in the bill.

The Committee's emphasis on performance standards is not limited to its insistence on reorganization of programs that do not meet them. It has also provided substantial sums to the Governor to be used to provide incentive funding for programs that exceed performance standards or that meet them while serving particularly hard to serve groups.

FINANCIAL ACCOUNTABILITY

The General Accounting Office reports have made clear that the internal controls in CETA programs are unacceptably weak despite numerous Department of Labor regulations and publications which provide internal control guidance and requirements. These conditions make the grantees vulnerable to misuse of funds and unintentional errors.

The CETA Amendments of 1978 required the Secretary of Labor to audit or arrange for audit of grantees and their subgrantees, not

less than once every two years to ensure that funds are spent for purposes intended. GAO reports of October 25, 1978, entitled "More Effective Action is Needed on Auditors' Findings—Millions Can be Collected or Saved" and a follow-on report of January, 1981 entitled "Disappointing Progress in Improving Systems for Resolving Billions in Audit Findings" point out that misexpenditures identified in audits were not being recovered in a timely manner. Also, the frequency of audits was seriously deficient, in fact, as of March 31, 1980, there were still over a dozen prime sponsors that had not been audited for the first time since the inception of the program in 1973.

The Assistant Secretary of Labor for Employment and Training stated on June 11, 1981 that he had examined the efforts undertaken by the Employment and Training Administration in the area of audit resolution, and that ETA has had a dismal record, taking years to address audit reports, failing to recapture misspent funds and not correcting noted systems deficiencies which lead to recurring problems. On October 20, 1981, the Assistant Secretary strongly recommended to the Committee on Labor and Human Resources that the auditing procedures and collection procedures be addressed in the legislative process.

The Training for Jobs bill is designed to facilitate the implementation of sound financial management systems and eliminate weaknesses in internal control.

Provisions of the legislation require that the Office of Management and Budget, in consultation with the Comptroller General of the United States, establish guidance for the proper performance of audits. Such guidance will include a review of fiscal controls and fund accounting procedures established by States. States are required to prepare or have prepared an independent financial and compliance audit of each recipient and subrecipient of funds under Titles I and V and VII of the Act. Audits must be conducted in accordance with applicable auditing standards set forth in the financial and compliance element of the Standards for Audit of Governmental Organizations, Programs, Activities and Functions issued by the Comptroller General of the United States. The Comptroller General also has a responsibility to, on a selective basis, evaluate the expenditures by the recipients of grants under this Act to assure the expenditures are consistent with the provisions of the Act and to determine the effectiveness of the recipient in accomplishing the purposes of the Act. The Inspector General of the Department of Labor continues his oversight role as well.

In regard to liability, the general direction of other block grant legislation enacted last year has been followed in this legislation. When funds have been misspent, the Secretary may offset such amounts against future grants. This provision does not apply however, to a misexpenditure of funds due to willful disregard of the requirements of the Act, gross negligence, or failure to observe accepted standards of administration. Under such circumstances, the recipient and subrecipient is liable for the repayment of funds from other than funds received under the Act.

AFFIRMATIVE ACTION

In Section 308, the Committee provided an incentive for businesses, which are also federal contractors with affirmative action obligations under Executive Order 11246, to make additional financial and other resources available for training the economically disadvantaged. Under this section, a contractor may establish an independent training program or participate in an existing program directed at job openings in the contractor's own work force or in the service delivery area. The additional incentive for participation in training programs is the ability to file an abbreviated affirmative action plan, the length and content of which will be determined by the Director of the Office of Federal Contract Compliance Programs. It is the sentiment of the Committee after its year long analysis of OFCCP that such abbreviated plans should be approximately ten pages in length.

The Committee believes that this section will encourage the creation of productive working relations between contractors and community-based organizations which have proven to be effective in training eligible individuals.

The Committee intent is clearly that: (1) participation in such a training program does not obviate the contractor's responsibility for its own work force under the Executive Order, (2) this provision does not compel any business to participate in such training, (3) OFCCP will not impose additional paperwork or regulations on contractors who do not engage in training, and (4) OFCCP has no authority to regulate or influence the content or procedure of any training program, nor to interfere with the duties and powers of private industry councils.

EDUCATION AND PROGRAM STANDARDS

The Committee fully recognizes that education is a state and local responsibility. S. 2036 requires that education programs meet state and local educational standards, including procedures for the awarding of academic credit and certifying educational attainments.

It is understood clearly that education is a function that is a responsibility primarily of State and local governments. The Committee supports the interrelationships of employment and training programs with education programs, but continues to respect the State and local authority regarding education programs. Assurance that the Committee does not intend unnecessary Federal interference into those activities which are historically, rightfully and lawfully the responsibility of local school boards and the States, is given by the adoption of an amendment that includes a provision from the General Education Provisions Act. This language expressly prohibits the Federal government from exercising "direction, supervision or control over the curriculum, program of instruction, administration, or personnel of any educational institution" or system.

The Committee agrees that services must be provided by the most effective deliverer and that such deliverer must be accountable for the services provided. The Committee does not intend the

inclusion of the above prohibition to preclude the accountability and effective program performance required by this bill.

TRANSITION PROVISIONS

Section 315 of the bill authorizes a transition period through September 30, 1983, during which time the Secretary may continue to fund programs under the provisions of the Comprehensive Employment and Training Act.

The Committee believes that this authority should be exercised at least until the beginning of the new program year on July 1, 1983, in order to allow for an orderly transition from the CETA program to the program under the new authorizing legislation.

This period will facilitate program operations as the employment and training system is redesigned. This redesign will entail the development of new program and management systems and requirements by the Department of Labor. A new planning and grant structure geared toward the States will be necessary. Major systems development in the areas of fiscal management, performance standards and related reporting requirements, audit and debt collection procedures must be developed. New data collection and allocation methodologies will have to be established. Although regulations are expected to be minimal, these programmatic and delivery system requirements must be codified in new regulations, which will have to be published as proposed and subject to public comment before revision and publication as final regulations.

New grantees and subrecipients will have to be afforded sufficient time to develop their own structures and plans prior to implementation. Although some areas which were funded under CETA will continue as service delivery areas under the new bill, other prime sponsor areas will cease to serve as delivery areas. Those that are continued will be funded by the State, not the Department of Labor. In addition, areas which have not previously delivered employment and training services may be designated as service delivery areas under the new program.

While all of these program buildup activities are occurring during the transition period, CETA will be phasing down and undergoing program closeouts, requiring careful handling of the phaseout of participants, staff, subgrants, property and final accounting. Issues such as records retention will need to be addressed. Audits, closeouts and debt collection of former program operators must be completed. The transition provisions of the bill will allow for all of these activities to be concluded in an orderly fashion while preparing for full implementation of the Training for Jobs Act.

The Committee is anxious that the transition to a new service delivery structure and program year planning and funding cycle be accomplished smoothly and with minimum disruption in the continuity of service delivery to participants under CETA and the Wagner-Peyser Act.

To effectuate the transition, the Committee understands that certain actions must be taken at various stages. First, the Secretary of Labor must develop a transition plan and timetable as soon as practicable which should be promulgated broadly to all affected

parties. The Secretary should consider carefully the fiscal year 1983 planning instructions sent to state and local prime sponsors, SETCs, Governors' grants administrators, and Employment Security agencies, to ensure to the fullest extent possible that those planning instructions facilitate the implementation of the new program. The Secretary should also use discretionary and transition funds available to him to make planning allocations to states, separate from the programmatic formula allocations, to enable states to perform the activities necessary for transition. In addition, the Secretary must assure that regulations for the transition and for the new program will be promulgated in a timely fashion with adequate opportunity for receiving and considering the comments of all affected parties.

The Committee also recognizes that the effective involvement of the private sector in the new program will require technical assistance and training for local business organizations to understand fully the role they will play in the new system. The Committee woul encourage the national organizations representing local, general purpose business organizations and other business organizations to work in close coordination with the Secretary and the Governors in making the provision of such assistance a priority item on the agenda.

TITLE IV—AMENDMENTS TO THE WAGNER-PEYSER ACT

Since 1973, Congress has repeatedly tried to foster coordination between the employment service programs and the training programs at the State and local level. While some progress has been achieved, the record makes clear that more effective action is required.

The committee is of the opinion that if the employment service and the training programs are to be effectively linked, encouragement is not enough, structural changes in the legislation are necessary. Accordingly, major amendments to the Wagner-Peyser Act have been included in the Training for Jobs legislation, designed to assure coordination between employment and training related programs, particularly in the planning function.

The committee emphasizes the need for the involvement of all local entities in the development of the employment services plan as well as the training plan. Accordingly, the bill provides that the employment service plans for service delivery areas be prepared by the local private industry council in consultation with the employment security agency. At the same time the bill requires that the Employment Service be represented on the private industry council, in each service delivery area. The Committee intends that the consultation requirement be taken seriously by the private industry council.

The local plans will be submitted to the State Employment Security Agency for approval and will be used by the States ES agency to prepare a consolidated statewide plan.

Another major amendment to the Wagner-Peyser Act is one to assure the distribution of employment service funds on the basis of need. All funds will be distributed to states on the basis of labor force participation. The Committee recognizes the need for discre-

tion at the state level for fund distribution and, therefore has provided that 25 percent of the funds not be suballocated so as to be available to the Governor for state-wide programs and administration. The remaining 75 percent of the funds will be distributed to substate service delivery areas on a formula basis, again, using labor force participation as the determinant.

Further amendments allow for use of funds for advertising in newspapers only for jobs paying less than twice the minimum wage and sepcifically permits the referral of an applicant to private employment agencies as long as the applicant is not charged a fee. The committee is of the opinion that all sources of job information and assistance should be available to applicants and the federally funded agencies should not be discouraged from working closely with all aspects of the private sector.

The Committee has also provided that funds appropriated for the Employment Service shall be used for applicant and employer employment-related activities and not for other purposes. Should the Secretary of Labor prescribe the use of the Employment Service for other purposes, such as alien certification, such costs are to be fully reimbursed by the Secretary from other than Employment Service funds authorized under the provisions of this Act.

Title V--Dislocated Workers

The Committee recognizes the need to be responsive to the plight of the growing number of displaced workers—workers who have no reasonable expectation to return to jobs from which they have been or are about to be laid off. During hearings on unemployment in the automobile industry held by the Subcommittee on Employment and Productivity in January, 1982, it was brought to the attention of the Subcommittee that by 1985 as many as 500,000 auto and auto-related jobs will be eliminated. The effects of such massive displacement of workers due to technological change or changes in consumer demand has far reaching effects on individual workers, their families, their communities and the nation as a whole. These are workers that have little likelihood of being recalled to their previous jobs or even their previous industry as the economy gets better. They have job skills that are no longer marketable—no longer in demand. The Committee is concerned about and aware of the inordinate drain on unemployment compensation and other forms of public assistance and the economic repercussions of these displaced workers, but equally important is the concern for the personal impact of long term, seemingly hopeless unemployment for persons that have been effective, productive and strong contributors to the nation's economy.

In order to facilitate the movement of these workers into jobs for which demand exceeds supply, this legislation authorizes a comprehensive program of training and employment services to displaced workers. The program will provide assistance for job search, job development, training in job skills for which demand exceeds supply, supportive services, relocation assistance and programs conducted in cooperation with employers or labor organizations to provide early intervention in the event of a plant closure.

The bill provides for the States to identify workers who have been laid off and are eligible for, or have exhausted their entitlement to unemployment compensation and who are unlikely to return to their previous positions. States are to determine what job opportunities exist within the labor markets, or outside such areas, for which workers could be retrained. The States are then to bring the workers and the necessary training programs together with the goal of them matching the trained worker with the job openings.

The program will be administered at the state level with assistance from the local private industry councils. To encourage local participation the bill provides applicants be given an opportunity to apply for funding of locally developing projects that meet the provisions of the title. Also, the Committee recognizes the value of labor organization involvement and support in directing programs for displaced workers and encourages that input by providing such labor organizations the right of full consultation in programs affecting substantial numbers of their membership.

The Committee bill includes a provision which allows funds appropriated for this program be used to pay 50 percent of the cost of the program. The remaining 50 percent shall consist of matching funds from non-federal sources. It is expected the match will consist of private, state or local moneys or any combination of these.

The matching provision allows flexibility for those areas experiencing severe unemployment. For any State whose unemployment is at least one percentage point above the national average for the twelve month period before the Secretary makes allocation for a fiscal year, the non-Federal matching requirement is reduced by 10 percentage points for every percent that the State unemployment rate exceeds the national average. Two points need to be emphasized: First, the reduced non-Federal match in no way increases the Federal cost nor does it increase the State's allocation. It only reduces the amount of the required non-Federal contribution. Second, the required matching rate is to be determined before the start of the fiscal year and will not be changed during that fiscal year regardless of changes in State or Federal unemployment rates.

In order to encourage laid off workers to participate in training programs authorized under this title while they are receiving umemployment benefits and, therefore, possibly shorten the duration of their unemployment, the bill allows for participants to continue to be eligible for unemployment compensation while participating in the authorized training.

The Committee bill provides for the distribution of funds appropriated to States by formula based on the number of long-term unemployed in the State. It is intended that the funds be used expeditiously for the purpose intended; if that is not the case, provisions allow for the Secretary of Labor to reallocate the funds to other States which have shown a demonstrated need for the funds.

The Committee also adopted an amendment specifying that not more than 30 percent of the funds available in any State for this Title be used for the combined costs of administration and supportive services and specifying that none of the Federal funds under the title be used for the payment of wages to participants. This does not, of course, preclude the normal use of on-the-job training

contracts in which an employer's training cost is determined by reimbursing him for a percentage of the wages paid to trainees.

Title VI—Coordination of Job Training Activities

This Title is designed to remove some of the existing barriers to coordination among Federally funded job training activities. Traditionally, Federal job training laws have mandated both specific advisory committees and separate administrative structures thus impeding the legitimate desires of the States for more control over their own administrative structure. This Title is designed to restore to the States more discretion in these areas.

The first two sections of the Title deal with advisory committees. The first section authorizes the use of the private industry council as an advisory body for any person established under Federal job training laws. The second authorizes the Governor to combine two or more advisory councils (or their functions) related to job training provided that "the essential elements relating to composition" of each of the councils are preserved. The Committee intends this phrase to receive a liberal interpretation so that the purposes of the Title can be achieved. It has made the decision of the Governor to combine councils or functions subject to review, in the first instance, by the head of the administering agency, but permits appeal by the Governor to the Director of OMB because it believes that the Director may be more receptive to the advantages of combination and the needs of the Governor.

The last section applies the principles of the Economy Act to State agencies receiving Federal financial assistance for job training. Under that Act, one Federal agency may perform the work of another if it is determined to be in the interest of the government to do so. There is no reason why that flexibility should not apply at the state level as well as on the Federal. The purpose of this provision is to give the Governor the flexibility to organize administration in his State on the basis of economy and efficiency.

Title VII--Summer Youth Employment and Training Programs

The Committee recognizes the need for youth employment and training activities during the summer months. It understands that for a significant number of participants, summer programs contribute not only to making at least a nominal contact with the job market, but may have a significant impact on their ability to continue their education.

Title VIII provides for allocations to states and suballocations to service delivery areas to be planned for and administered under the same provisions as the Title I programs. Persons eligible for participation in the Summer Youth program are those economically disadvantaged who have not yet reached age 22.

Although the Committee bill provides for the programs to be planned and administered in accordance with the provisions of Title I, the Committee intent is clear that the program is not subject to the financial limitations included in Title I regarding restrictions on support services and on the payment of wages, allowances and stipends.

91-749 O - 82 - 5

Funds available for this program may be used for the program elements identified under Title I and may also be used for work experience programs.

Cost Estimate

The Committee has received a cost estimate from the Congressional Budget Office which is printed below. It is the Committee's intent that the Training for Jobs bill be funded in accordance with the Budget Resolution as passed by the Senate which assumed a $3.8 billion authorization level for fiscal year 1983. No cost estimate has been received from the Administration.

U.S. Congress,
Congressional Budget Office,
Washington, D.C., June 1, 1982.

Hon. Orrin G. Hatch,
Chairman, Committee on Labor and Human Resources,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for S. 2036, the Training for Jobs Act.

Should the Committee so desire, we would be pleased to provide further details on the attached cost estimate.

Sincerely,

Alice M. Rivlin, *Director.*

Congressional Budget Office—Cost Estimate

1. Bill number: S. 2036.
2. Bill title: Training for Jobs Act.
3. Bill status: As ordered reported by the Senate Committee on Labor and Human Resources, May 26, 1982.
4. Bill purpose: The purpose of this bill is to permanently authorize appropriations for employment and training programs.

COST ESTIMATE

[By fiscal year, in millions of dollars]

	1983	1984	1985	1986	1987
Title I: State job training program:					
Estimated authorization level 1983 transition	1,805				
Forward funding	2,540	2,731	2,929	3,129	3,339
Estimated outlays	1,203	2,495	2,680	2,873	3,072
Title II: National job training programs:					
Estimated authorization level 1983 transition	230				
Forward funding	325	349	372	399	425
Estimated outlays	221	324	347	372	398
Title III: Administration:					
Estimated authorization level 1983 transition	49				
Forward funding	69	74	79	84	89
Estimated outlays	61	70	75	79	85
Title IV: Amendments to Wagner-Peyser:					
Estimated authorization level (forward funding)	13	1	1	1	1
Estimated outlays					
Title V: Dislocated workers:					
Estimated authorization level 1983 transition	362				

COST ESTIMATE—Continued

[By fiscal year, in millions of dollars]

	1983	1984	1985	1986	1987
Forward funding	509	547	586	626	668
Estimated outlays	241	500	537	576	616
Title VII: Summer youth program:					
Estimated authorization level 1983 transition	548				
Forward funding	771	826	882	941	1,004
Estimated outlays	496	767	822	878	937
Job Corps:					
Estimated authorization level 1983 transition	447				
Forward funding	628	675	724	773	825
Estimated outlays	477	631	678	726	775
Total estimated authorization level 1983 transition	3,441				
Forward funding	4,855	5,203	5,573	5,953	6,351
Total estimated authorization level	8,296	5,203	5,573	5,953	6,351
Total estimated outlays	2,699	4,787	5,139	5,504	5,883

The costs of this bill fall in budget subfunction 504.

6. Basis of estimate: This bill authorizes appropriations for job training programs at such sums as may be necessary for all years. Title I authorizes a state job training program primarily for the economically disadvantaged. Title II authorizes national job training programs and Title III authorizes administrative provisions. Title IV amends the Wagner-Peyser Act for employment services. Title V authorizes a state matching program for dislocated workers and a summer youth program is authorized in Title VII. Finally, this bill extends the authorization for the Job Corps.

Appropriations authorized in this bill are available for obligation only on a program year basis beginning in 1984. A program year, as defined in this bill, begins on July 1. Appropriations are authorized in 1983 for both the transition period from October 1, 1982 to July 1, 1983 and the program year from July 1, 1983 through June 30, 1984. Estimated authorization levels reflect the year funds are first available for obligation. Outlays are based on spending rates of the estimated authorization level on a fiscal year basis. The 1983 outlay estimates, for example, are based on the transition funding and the first quarter of forward funding for the program year beginning July 1, 1983.

Estimated authorization levels for Titles I, II, III, VII, and the Job Corps are based on projected cost increases of funds available under the Comprehensive Employment and Training Act (CETA) in 1982. The funds available in 1982 under CETA include the 1982 budget authority as well as deferred funds from 1981. On a fiscal year basis, the projected baseline for CETA is $4.1 billion in 1983. The estimated authorization levels for Title II and the Job Corps are based on the distribution of funds stated in the bill. Title IV, amendments to the Wagner-Peyser Act for the employment service, assumes the estimated authorization level which exists under the current Wagner-Peyser Act. The increase in estimated authorization levels shown in the table for Title IV reflects the program year funding.

Title V authorizes job search, relocation assistance, training, and other services for dislocated workers; a group currently not funded

under CETA. Since no program exists in 1982 for dislocated workers, the estimated authorization level for Title V is based on participation rates of the estimated eligible population and costs per participant. Dislocated workers are primarily defined as those who are laid off, are eligible for unemployment compensation, and are unlikely to return to their previous industry or occupation. Workers who are unemployed due to permanent plant closings are also eligible. Since the language of the bill has such a broad definition of dislocated workers, estimating the eligible population involves a great deal of uncertainty. The number of eligible workers used in this estimate is based on the assumed number of workers unemployed indefinitely from a declining industry. Of the estimated 725,000 eligible workers, about one-third are assumed to apply for training and job search assistance, while about one percent would apply for relocation assistance based on trade adjustment assistance (TAA) data. Based on costs for TAA, estimated 1983 costs are $3,500, $1,800, and $600 for job training, relocation assistance, and job search, respectively. The total estimated funding level in 1983 is $964 million. Federal costs would be approximately one-half of the total based on the bill's matching formula. Full appropriation of the estimated authorization levels is assumed in this estimate for all titles.

Although this estimate assumes authorization levels for Titles I, II, III, VII and the Job Corps based on current funding of CETA programs, the such sums as may be necessary authorizations contained in this bill would permit a much larger appropriation. The eligible population served in this bill, for example, far exceeds the estimated number of participants assumed in this estimate. In the past, however, these programs have never been funded at a level that would permit all of those eligible to participate.

Outlays for Titles II, III, VII, and the Job Corps are based on historical spendout rates for current CETA programs. Outlays for the state job training program (Title I) and for dislocated workers (Title V) are assumed to be lower in the first year than for current programs funded under CETA. Title I authorizes new service delivery areas within the states. Title V assists a broadly defined group of workers currently not funded under CETA and unlike the other programs in this bill, has a state matching requirement. Since both Titles I and V authorize programs that differ from the current employment and training programs, spending rates are assumed to be lower than for the other programs in this bill.

7. Estimate comparison: None.

8. Previous CBO estimate: CBO prepared a cost estimate on May 10, 1982 for H.R. 5320, the Job Training Partnership Act. The House bill authorized appropriations of $5.4 billion in 1983 for employment and training programs, while the Senate bill authorizes appropriations at such sums as may be necessary each year. The House bill continues a modified prime sponsor system while the Senate bill authorizes a new service delivery system designated by the Governors. In the House bill, authorizations of appropriations are advance funded while the Senate bill authorizes appropriations on a program year basis. Both bills authorize a state matching program for dislocated or displaced workers and extend authorization for the Job Corps and other national training programs.

9. Estimate prepared by: Stacey Sheffrin.
10. Estimate approved by: C. G. Nuckols.

JAMES L. BLUM,
Assistant Director for Budget Analysis.

REGULATORY IMPACT

In accordance with paragraph 5, (a) of rule XXIX of the Standing Rules of the Senate, the following statement of the regulatory impact of S. 2036 is made:

A. Estimated number of individuals and businesses regulated and their groups or classifications

This legislation is designed to encourage business to take a leadership role in training and placing economically disadvantaged persons in permanent private sector jobs.

Individuals and businesses in the private sector, who do not elect to participate in the training for jobs programs will not be affected by the provisions of this legislation. Those individuals and businesses who chose to become involved in the training programs are subject to the regulations promulgated by the Department of Labor pursuant to the authority provided under the Training for Jobs legislation. No estimate is available as to the number of businesses which will be involved in the job training programs in fiscal year 1983 and thereafter, either in the planning and administration of the program or by participation in the program as an employer offering training to participants.

B. Impact of the act on personal privacy

This legislation has no impact on personal privacy, however it should be noted that in order to measure the return on the investment for this program, it will be necessary to measure the increased earnings of participants in the program and the reductions in cash welfare payments. To make these measurements, the legislation specifies that cost-effective methods for obtaining such data may include access to earnings records, State employment security records, Federal Insurance Contributions Act records and State aid to families with dependent children records.

C. Additional paperwork, time and costs

The Committee has no accurate way of forecasting the paperwork that will be associated with the provisions of this legislation. Several of the provisions are designed to eliminate duplication and excessive paperwork. The general approach to this legislation is to reduce the role of the Federal Government involvement in the oversight of the program and move more in the direction of state block grants. Accordingly, paperwork relating to federal rules and regulations should be minimized. In addition, administrators of the program should experience decreased paperwork requirements due to the pared down number of components of the overall plan. The legislation is definitely output oriented, not process oriented, which will allow for some discretion at the State and local level as to how much record keeping, paperwork, etc., is needed for their own purposes.

D. Economic impact

The focus of the training for this legislation is to provide training to economically disadvantaged and other individuals experiencing barriers to employment to allow them to obtain unsubsidized jobs, particularly in the private sector. If the legislative goals are reached, hundreds of thousands of persons will be assisted in their pursuit to obtain productive employment and to increase earnings and their standard of living. The major thrust of this legislation is economic independence and increased earnings for the participant and decreased cash welfare payments by the government. The amount of savings to be accomplished in cash welfare payments is not known, however it is expected to be an amount that will at least equal the cost of the program.

For the business sector the economic impact is expected to surface in two ways, the first is the provision to allow for certain on-the-job training costs for participants to be paid for by the federal government and second by the increased availability of a trained job-ready workforce.

Rollcall Votes in Committee

Rollcall votes taken during Committee consideration of this legislation are as follows:

1. Quayle motion prohibiting wages, stipends or allowances.

Motion agreed to 9 yeas, 7 nays:

YEAS	NAYS
Hatch	Kennedy
Stafford	Randolph
Quayle	Pell
Hawkins	Eagleton
Nickles	Riegle
Weicker	Metzenbaum
Humphrey	Matsunaga
Denton	
East	

2. Metzenbaum motion to provide for local units of government of less than 250,000 population to band together as a consortium for purposes of being designated a service delivery area.

Motion Rejected 8 yeas, 8 nays:

YEAS	NAYS
Weicker	Hatch
Kennedy	Stafford
Randolph	Quayle
Pell	Hawkins
Eagleton	Nickles
Riegle	Humphrey
Metzenbaum	Denton
Matsunaga	East

3. Kennedy motion to compute the Title I funding formula, 1/3 on the basis of total unemployment, 1/3 on the basis of long term unemployment and 1/3 on the basis of the number of economically disadvantaged.

Motion Rejected 8 yeas, 8 nays:

YEAS	NAYS
Weicker	Hatch
Kennedy	Stafford
Randolph	Quayle
Pell	Hawkins
Eagleton	Nickles
Riegle	Humphrey
Metzenbaum	Denton
Matsunaga	Fast

4. Kennedy motion to shift funding and administration of training programs in Puerto Rico to Title II with special provisons.

Motion Rejected 4 yeas, 11 nays, 1 not voting:

YEAS	NAYS
Kennedy	Hatch
Pell	Stafford
Eagleton	Quayle
Riegle	Hawkins
	Nickles
	Weicker
	Humphrey
	Denton
	East
	Randolph
	Matsunaga

Not Voting: Metzenbaum

5. Hatch motion to order reported the Subcommittee Committee Print of S. 2036, with amendments, favorably to the Senate.

Motion agreed to 16 yeas, 0 nays

YEAS	NAYS
Hatch	
Stafford	
Quayle	
Hawkins	
Nickles	
Weicker	
Humphrey	
Denton	
East	
Kennedy	
Randolph	
Pell	
Eagleton	
Riegle	
Metzenbaum	
Matsunaga	

Section-by-Section Summary

Section 1 establishes the short title of the Act as the Training for Jobs Act.

Section 2 states the purpose of the Act is to establish job training programs for economically disadvantaged individuals and others facing serious barriers to employment who need training to obtain productive employment, particularly in the private sector, by emphasizing private sector involvement, making States and localities primarily responsible for the program, concentrating on job training rather than income maintenance, establishing performance standards which measure results, and integrating job training with related programs and strategies.

DEFINITIONS

Section 3(1) defines "artificial barriers to employment" as limitations in hiring, firing, promoting, licensing and other conditions of employment not directly related to an individual's fitness or ability to perform a job.

Section 3(2) defines "community-based organizations" as private nonprofit organizations representative of communities or significant segments of communities and which provide employment training services and organizations serving nonreservation Indians, as well as tribal governments and Native Alaskan Groups.

Section 3(3) defines "economically disadvantaged" as a person who receives or whose family receives cash welfare payments under a Federal, State or local program; whose total family income for the prior 6 months did not exceed the poverty level established by the Office of Management and Budget or 70 percent of the lower living standard income level, whichever is higher; or who receives food stamps.

Section 3(4) defines "Governor" as the chief executive of a State.

Section 3(5) defines "Hawaiian native" as any individual whose ancestors, prior to 1778, were natives of the area now consisting of the Hawaiian Islands.

Section 3(6) defines "handicapped individual" as any individual who has a physical or mental disability which for such individual constitutes, or results in, a substantial handicap to employment.

Section 3(7) defines "long-term unemployed" as a person unemployed for 15 weeks or more.

Section 3(8) defines "lower living standard income level" as the level determined annually by the Secretary of Labor based upon the most recent lower living family budget, adjusted for geographic differences and family size.

Section 3(9) defines "offender" as any adult or juvenile who has been subject to any stage of the criminal justice process for whom services under the Act would be beneficial or who needs assistance in overcoming artificial barriers to employment resulting from a record of arrest or conviction.

Section 3(10) defines "private sector" (for purposes of State job training councils and private industry councils) as owners, chief executives of chief operating officers of private for-profit employers and major nongovernmental employers, or other officers of such employers who have substantial management of policy responsibility.

Section 3(11) defines "recipient" as any person, organization, unit of government, corporation, or other entity receiving finanical assistance under the Act directly from the Secretary.

Section 3(12) defines "Secretary" as the Secretary of Labor.

Section 3(13) defines "State" as the several States, the District of Columbia, Commonwealth of Puerto Rico, Virgin Islands, Guam, Northern Mariana Islands, American Samoa, and Trust Territory of the Pacific Islands.

Section 3(14) defines "subrecipient" as any person, organization, unit of government, corporation or other entity receiving financial assistance of funds under a contract through a recipient.

Section 3(15) defines "supportive services" as services designed to enable an individual to participate in a training program. Such services could include health care, tranportation, temporary shelter, child care, meals, financial counseling and other necessities which may be made available through in-kind services, cash assistance or loans. Such payments to participants shall not be deemed to be allowances for purposes of this Act. The term "supportive services" does not mean wages, allowances or stipends.

Section 3(16) defines "unemployed persons" as persons without jobs, determined in accordance with criteria used by the Bureau of Labor Statistics, who want to work and are available for work.

Section 3(17) defines "unit of general local government" as any city, municipality, county, town, township, parish, village or other general purpose political subdivision with the power to levy taxes and spend funds as well as general corporate and police powers.

Section 3(18) defines "youth" as individuals who have not yet reached age 19.

Title I—State Job Training Program

Allotment; allocation

Section 101(a) provides that 5 percent of the amount appropriated each fiscal year under section 301(a) would be allotted to States under the formula provisions established in sections 101(b)(2) and (3), for use by the Governor. The Governor could use no more than 15 percent of this amount for the costs of auditing and other administrative activities, and would use the remainder for job training programs under the provisions of section 105(h)(2).

Section 101(b)(1) provides that the remainder of the amount appropriated each fiscal year under section 301(a), after setting aside funds for national programs under the provisions of section 302(a) and the amount reserved for Governors under section 101(a), shall be allotted in accordance with the following provisions.

Section 101(b)(2) provides that 2 percent of the amount allotted under section 101(b) is allotted to the Commonwealth of Puerto Rico, and no more than $5 million among Guam, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, and the Northern Mariana Islands.

Section 101(b)(3) provides that of the remainder of the amount allotted under section 101(b), half is allotted on the basis of the State's relative number of long-term unemployed persons and half on the basis of the State's relative number of economically disadvantaged persons in the labor force.

Section 101(b)(4)(A) states that no state shall receive less than one-quarter of one percent of the amounts available under this paragraph and 101(b)(4)(B) states that no state shall receive less than 90 percent of its allotment percentage for the fiscal year immediately preceding the year for which funds are being allocated.

Section 101(b)(5) provides that, for purposes of sections 101(b)(3), and 101(b)(4) "State" would not include the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, and Northern Mariana Islands; and "long-term unemployed persons" are defined as the average number of persons unemployed for at least 15 weeks for the most recent 2-year period.

Section 101(c)(1) provides that 84 percent of each State's allotment under section 101(b) shall be allocated among service delivery areas within the State according to the relative number of economically disadvantaged persons in the labor force in the area, based on 1980 census data until the Governor and Secretary agree there is more recent statistical data available.

Section 101(c)(2) states that two percent of the funds allotted to each state shall be used to carry out the provisions of section 106, state education agency and training grants.

Section 101(c)(3) states that six percent of such funds shall be used for state education agency matching grants authorized in section 107.

Section 101(c)(4) states that three percent of the funds allotted to each state shall be used by the Governor to provide training programs under section 109 for older persons.

Section 101(c)(5) provides that the remaining 5 percent of each State's allotment under section 101(b) shall be used by the Governor for incentive funding to programs exceeding performance criteria, including incentives for serving hard-to-serve individuals.

Section 101(d) provides that the Secretary must make the allotment required under this subsection within 45 days after the date of enactment of any Act making appropriations to carry out this Act.

Service delivery areas

Section 102(a)(1) requires the Governor, after receiving the proposal of the State job training council, to publish tentative service delivery areas for the States, which will promote effective delivery of job training services; have available an effective agency for administering services; be related to labor market or Standard Metropolitan Statistical Area boundaries (although Governors would not be required to designate an entire labor market area); and be consistent with existing areas in which related services are provided.

Section 102(a)(2) requires a written description of the reasons for each service delivery area proposed by the State job training council.

Section 102(a)(3) requires that units of general local government, business organizations and other affected persons be given an opportunity to comment on the proposed service delivery areas and request changes in the areas.

Section 102(a)(4) requires the Governor to designate sub-State service delivery areas, reviewing comments submitted under section 102(a)(3) before making a final decision.

Section 102(a)(5) requires the Governor to approve any request from a unit of general local government with population of 500,000 or more to be a service delivery area. The Governor also is required to approve any request filed jointly by units of local governments and representative business organizations in the proposed service delivery area, unless the Governor has specific reasons to justify inclusion of these local governments in a larger area. The Governor is required to approve any applications filed jointly by units of local government with population of 250,000 or more and representative business organizations in the area for that unit of government to be a service delivery area. Local governments and business organizations whose joint applications are denied by the Governor can appeal to the Secretary if they believe the Governor's decision is legally contrary to the Act or its regulations.

Section 102(b) provides that no change in a service delivery area can be made later than 4 months before the beginning of a program year or within 2 years of a previous revision.

Planning the program

Section 103(a) requires the Governor annually to prepare a statement or State goals and objectives for job training and placement programs to assist in the preparation of plans required under section 103(c) under section 7(a) of the Wagner-Peyser Act.

Section 103(b)(1) requires the establishment of a private industry council in every service delivery area, consisting of private sector representatives (one of whom would chair the council) who would constitute a majority of the council membership, representatives of units of general local government, educational agencies, organized labor, community-based organizations, economic development agencies and the public employment service.

Section 103(b)(2) requires private sector representatives to be owners of business concerns, chief executives or chief operating officers of nongovernmental employers or other officers who have substantial management or policy responsibility. Private sector representatives are chosen from among nominations submitted by general purpose business organizations, after consulting with other business organizations in the area, and shall include representatives of small businesses. Education representatives will be nominated by local educational agencies, institutions of higher education or general organizations of such agencies or institutions, and by private and proprietary schools or general organizations of such institutions, within the service delivery area. The term "general organization" means an organization that admits to membership any educational institution in these categories. Appointments are made from among these nominations by the chief elected officials of local governments with prior experience in administering job training programs within the service delivery area, in accordance with an agreement entered into by these governments. In the absence of such an agreement, the Governor makes the appointments. Members appointed under this subparagraph can be replaced only with the concurrence of the nominating and appointing authorities,

unless provided otherwise by the bylaws of the private industry council.

Section 103(b)(3) provides that remaining council members be selected by agreement between the chief elected officials of such local governments in the area from recommendations submitted by interested organizations. Labor representatives are to be recommended by recognized State and local labor organizations or appropriate building trades councils. If agreement cannot be reached, the Governor makes appointments from submitted nominations.

Section 103(b)(4) provides that membership size of the private industry council will be determined by agreement among the chief elected officials of local governments in the area, or, in the absence of such agreement, by the Governor.

Section 103(b)(5) requires the Governor to certify a private industry council whenever he determines its composition and appointments are consistent with this subsection, within 30 days of the date on which the list of members and supporting documentation are submitted to him.

Section 103(c) requires the private industry council, when certified by the Governor, to prepare the program plan for the service delivery area and to certify training institutions and other agencies in accordance with section 105(d).

Section 103(d) authorizes the council to hire staff and exercise whatever powers necessary to prepare the plan.

Section 103(e) requires each program plan to contain: identification of the entity that will administer the program and be the subrecipient of funds from the State; description of services and programs to be furnished; procedures for identifying and selecting participants and for eligibility determination and verification; procedures for selecting service providers; the budget for the program year including proposed expenditures for the succeeding 2 program years; expected performance accomplishments and comparison with previous performance; fiscal control, accounting, audit and debt collection procedures; the amount to be spent on supportive services and a justification of the amount if it exceeds 15 percent of available funds; and a report of activities conducted in the service delivery area in the previous program year. This section provides that when determining the administrator of the program, priority should be given to entities that have demonstrated or can demonstrate the ability to administer a broad range of employment and training services; the capacity to administer such funds; and the ability to provide adequate safeguards for the protection of public funds.

Section 103(f)(1) requires each private industry council to publish a proposed plan or summary 120 days before the beginning of a program year and to provide opportunity for comment. The council may hire a hearing examiner to hold hearings if necessary. The final plan or summary is to be published no later than 80 days before beginning of the program year and be submitted to the Governor jointly by the council and chief elected official in the area or designated representative, if there is more than one chief elected official in the area. If the elected official does not agree with all or part of the plan, the council shall reconsider the plan. If disagree-

ment continues after mediation by the Governor, the proposed plan is to be submitted to the Governor for resolution.

Section 103(f)(2) requires the Governor to disapprove a plan if he finds for specific reasons that the plan will not meet performance criteria; if the program would not effectively serve the economically disadvantaged; if the plan does not show that corrective measures for deficiencies found in past audits or assessments have been taken; if the entity proposed to administer the program lacks the administrative capacity or if there are inadequate safeguards for protection of funds; if the plan would not provide equality of access to all segments of the disadvantaged community; or if the plan would not otherwise carry out the purposes of the Act.

Section 103(f)(3) requires the Governor to make any disapprovals of plans within 30 days after the plan is submitted. Any disapproval by the Governor can be appealed jointly by the private industry council and local elected officials to the Secretary.

Section 103(f)(4) provides that no more than 15 percent of available funds in a service delivery area may be used for administrative costs, including evaluation.

State job training councils

Section 104(a) requires each State to establish a State job training council, chaired by the Governor or the Governor's designee.

Section 104(b) requires the Governor to appoint members of the council, with at least 51 percent selected from among individuals who represent the private sector and 20 percent from among elected officials of units of general local government. Remaining members include one representative from the State employment service agency, one representative from the State education system, and representatives of organized labor, private nonprofit community-based organizations and other groups interested in job training programs.

Section 104(c) provides that the Council shall advise the State on all aspects of job training, job information and job placement in the State.

Section 104(d) requires the Council, subject of approval by the Governor, to propose sub-State service delivery areas, plan resource allocations not subject to section 101(c)(1), provide management guidance and review of all programs in the State and approval of all service delivery area plans, develop appropriate linkages with other programs, coordinate activities with private industry councils, and develop the State job training report and performance standards.

Section 104(e) requires the Council also to perform functions previously performed by any State council established by State law under the Wagner-Peyser Act.

Section 104(f) requires the Council to review and provide written comments on the State plan developed for the State employment service agency.

Program elements

Section 105(a) authorizes use of funds allocated to service delivery areas under the Act for:

(1) Basic and remedial education, institutional and on-job-training, employment counseling, occupational training, preparation for work, outreach and enrollment activities, employability assessment, job referral and placement, job search and job club activities and any other job training activity designed to prepare disadvantaged persons for and place them in employment;

(2) Supportive services necessary to enable persons to participate in the program and retain employment;

(3) Payments to employers for on-job-training, not to average more than 50 percent of wages paid by the employer to participants, as compensation for the extraordinary costs of training such participants and their lower productivity;

(4) Employment-generating activities to increase job opportunities for eligible persons in the area; and

(5) Establishing a loan fund as a supportive service administered by the private industry council, to be used to provide basic necessities to economically disadvantaged persons who are not eligible for public assistance or would be otherwise unable to participate in training. Participants would repay allowances from the loan fund, with interest, upon entry into unsubsidized employment or 6 months after termination of training.

Section 105(b) prohibits use of funds under this title for wages, stipends, allowances, or public service employment.

Section 105(c)(1) provides that only economically disadvantaged persons are eligible to participate in a program conducted or assisted with funds allocated to a service delivery area under the Act.

Section 105(c)(2) requires at least 50 percent of funds in a service delivery area to be used for persons who have not yet attained 25 years of age (adjusted by the difference between the local ratio of economically disadvantaged youth to economically disadvantaged adults to the national ratio) and requires that recipients of Aid to Families with Dependent Children and eligible school drop-outs be served in proportion to their percentage of economically disadvantaged persons 16 years of age or over in the area. No more than 10 percent of funds may be used to serve participants who are not economically disadvantaged if they have labor market disadvantages.

Section 105(d)(1) requires that, in selecting service deliverers, primary consideration be given to cost-effectiveness in delivering comparable services based on past performance.

Section 105(d)(2) provides that no agency or organization may be used to provide occupational skill training unless the private industry council certifies the level of skill is acceptable to area employers.

Section 105(e) requires all training agreements to contain standards on content, quality, duration and results of training.

Section 105(f) stipulates that the ratio of participants in public sector on-the-job training to participants in private sector on-the-job training shall not exceed the ratio of civilian governmental employment to non-governmental employment in the service delivery area.

Section 105(g) authorizes purchase of commercially available training packages, including advanced learning technology, for off-

the-shelf prices and without requiring a breakdown of the cost components of the package, if the packages are purchased competitively and include performance criteria.

Section 105(h) authorizes use of funds available to Governors under section 101(a)(2) for: expenses of the State council, including program evaluation; technical assistance; developing linkages between the Act and related programs; labor market and occupational information; a management information system; programs for offenders and ex-offenders or other persons the Governor determines require special assistance; and programs for workers who have no reasonable prospect of returning to the occupation or industry from which they have been laid off.

Section 105(i)(1) requires each State to submit a State job training report to the Secretary in order to be paid funds under this title.

Section 105(i)(2) requires the State job training report to demonstrate that the State is fiscally responsible for administration of programs under this title throughout the State, and to include a statement of goals, objectives, needs and performance standards, and include information on the types of activities to be funded, designated service delivery areas, categories or characteristics of people to be served, and guarantees that no more than 30 percent will be spent in the state on supportive services and costs of administration together and that at least 70 percent will be spent for training.

Section 105(i)(3) requires the State job training report, beginning in fiscal year 1984, to include a description of how the State has met the goals, objectives, needs and performance standards of the previous year.

Section 105(i)(4) requires that the State job training report, and any changes in it, be made public on a timely basis and be open to comment from interested units of general local government and persons.

State education and training agency grants

Section 106 states that the Governor is to provide funds to any state education agency responsible for education and training to provide services to eligible participants through cooperative agreements between these state agencies and entities administering programs in service delivery areas or other agencies or organizations providing services under the Act. Services and programs may include those named in section 105(a) and 105(h)(2).

Education agency matching grants

Section 107 states that funds available for this section may be used by the Governor for grants to any state education agency responsible for education and training to pay 50 percent of the cost of improving education and training services for eligible individuals. The Governor shall allocate the funds for this section pursuant to section 101(c)(3) to service delivery areas. Grants will be used in accordance with agreements negotiated by such state agency or its designee as part of the plan for the service delivery area. Such agreements must provide for the contribution by the state agency and the local educational agency, if any, of an equal amount which

may not be from funds available under this Act. Funds available under this section may be used to provide education, training, and related services to participants under this title.

Education standards

Section 108 states that all education programs supported with funds under this title shall be consistent with applicable state and local education standards and that standards and procedures for awarding of academic credit and certification of educational attainment shall be consistent with state and local law and regulation.

Training programs for older individuals

Section 109(a) states that the Governor is authorized to use funds available under section 101(c)(4) for job training programs for older persons developed in conjunction with service delivery areas.

Section 109(b) states that, in carrying out this section, the Governor, after consulting with private industry councils, may enter into agreements with public or private service deliverers.

Section 109(c) states that the Governor shall give consideration to training programs for occupations in growth industries and new technologies.

Section 109(d) states that an individual is eligible for participation in programs under this section only if the individual is economically disadvantaged and is at least 55 years of age.

Title II—National Job Training Programs

PART A—NATIVE AMERICAN PROGRAMS

Purpose and policy

Section 201(a) states that Congress finds serious unemployment and economic disadvantage among Native Americans and finds a compelling need for establishment of comprehensive training and employment programs for members of such communities.

Section 201(b) state that Congress declares such programs should be administered at the national level and should be available to federally recognized Indian tribes, bands and other groups and individuals of Native American descent, and should be administered so as to maximize the Federal commitment to support growth and development as determined by Native American representatives.

Program authorized

Section 202(a) requires the Secretary, wherever possible, to use Indian tribes, bands, or groups on Federal or State reservations and the Oklahoma Indians, having a governing body, to provide employment and training services under this section. The Secretary shall require such groups to submit a comprehensive plan meeting whatever requirements the Secretary prescribes. The Secretary shall arrange for programs for Hawaiian natives through such organizations the Secretary determines best meet their needs. The Secretary shall serve nonreservation Native Americans through arrangements with organizations, meeting the Secretary's requirements, which serve such individuals.

Section 202(b) requires the Secretary, whenever Indian tribes, bands or groups are not used to provide services, to provide services through organizations which meet the approval of the tribes, bands or groups to be served.

Section 202(c) directs the Secretary to establish administrative procedures and machinery, including personnel with particular competence, to administer the Native American employment and training programs.

Section 202(d) authorizes use of funds under this part for programs and activities consistent with the purposes of this section including programs and activities carried out by recipients or subrecipients under other provisions of the Act.

Section 202(e) provides that no provision of this part shall abrogate in any way the trust responsibilities of the Federal Government to Native American bands, tribes or groups.

PART B—MIGRANT AND SEASONAL FARMWORKER PROGRAMS

Statement of findings

Section 211 states that Congress finds chronic seasonal unemployment and underemployment in the agricultural industry and declares that farmworker employment and training programs can best be administered at the national level.

Program authorized

Section 212(a) requires the Secretary to meet employment and training needs of migrants and seasonal farmworkers through public agencies and private nonprofit organizations with an understanding of the problems of migrants and seasonal farmworkers, a familiarity with the area to be served, and a capability to administer effectively a comprehensive employment and training program for migrants and seasonal farmworkers.

Section 212(b) requires the Secretary to use standard competitive Government procurement policies in awarding grants for services under this part. In administering programs under this section, the Secretary is required to consult with appropriate State and local officials and enter into agreements with such officials to assist in operating programs.

PART C—RESEARCH, EVALUATION, PILOT PROJECTS, TRAINING AND TECHNICAL ASSISTANCE AND LABOR MARKET INFORMATION

Research

Section 221(a) requires the Secretary to establish a comprehensive program of employment and training research using methods, techniques and knowledge that would aid in the solution of the Nation's employment and training problems.

Section 221(b) requires the Secretary to establish a program of experimental, developmental and demonstration projects through grants and contracts, to improve techniques, demonstrate effectiveness of specialized methods in meeting employment and training problems, and assess the changing demographics of the American workforce.

Evaluation

Section 222(a) requires the Secretary to provide for continuing evaluation of all programs, activities and research and demonstration projects conducted under the Act, including their cost-effectiveness, impact on communities and participants, implications for related programs, extent to which they meet needs of persons by age, sex, race and national origin, and adequacy of service delivery system.

Section 222(b) requires the Secretary to evaluate the effectiveness of programs under the Act with regard to statutory goals, performance standards, increases in employment and earnings of participants, duration in training and employment situations, postenrollment labor market experience of participants for at least a year after termination from the program, and comparable information on other employees or trainees of participating employers.

Section 222(c) directs the Secretary to use statistical sampling techniques to the maximum extent possible to reduce paperwork burden and costs.

Section 222(d) requires the Secretary to submit an annual employment and training report to Congress, including a summary of achievements, failures and problems under the Act; a summary of major findings from research, evaluations, pilot projects and experiments; recommendations for program modifications; and whatever other recommendations for legislative or administrative action the Secretary deems appropriate.

Pilot projects

Section 223(a) authorizes the Secretary to provide funds for pilot projects which meet the employment-related needs of persons, including the handicapped and displaced homemakers who face particular disadvantage in the labor market and require special assistance.

Section 223(b) requires each funded pilot project to be designed to assist in eliminating artificial and other employment barriers faced by such persons.

Section 223(c) prohibits any project from receiving financial assistance under this section for more than 3 years.

Section 223(d) requires the Secretary, in selecting recipients under this section, to give special consideration to applications from community-based organizations of demonstrated effectiveness, as well as labor unions, and trade associations and their affiliates that operate programs in more than one State.

Training and technical assistance

Section 224 requires the Secretary, in consultation with State officials and other recipients, to provide appropriate preservice and inservice training and technical assistance either directly or through grants, contracts or other arrangements.

Labor market information

Section 225(a) would require the Secretary to set aside, from sums available to the Department of Labor for any fiscal year including funds under this title, amounts necessary to maintain a

comprehensive labor market information system on a national, regional, State, local or other appropriate basis, which would be made publicly available on a timely basis.

Section 225(d) requires the Secretary to assure use of appropriate standards of statistical reliability and nationally standardized definitions of employment, unemployment and industrial and occupational definitions.

Federal responsibilities

Section 226(a) states that the Secretary, in cooperation with the Secretaries of Commerce, Defense, Treasury, and Education and the Director of the Office of Management and Budget, through the National Occupational Information Coordinating Committee, shall review the need and application of all operating national data collection systems, review and implement standardized definitions of terms, geographic areas, timing of collection, and coding, and provide technical assistance to the states for market/occupational supply and demand information.

Section 226(b) states that the Secretary, in cooperation with the Secretary of Defense will develop an occupational supply and demand information system to be used by states and secondary and postsecondary educational institutions in order that young people have adequate information regarding careers in the armed forces.

Section 226(c) states that the Secretary is to assure adequate funds for the operation of National Occupational Information Coordinating Committee.

State labor market programs

Section 227(a) stipulates that a state to receive financial assistance under Part C, the Governor must designate the state occupational information coordinating committee or other organizational unit to be responsible for oversight and management of state labor market information, design a cost-effective system for labor market/occupational supply and demand information, standardize federal and state multiagency administrative records and survey data sources to produce and economic/employment analysis and projections, disseminate labor market/occupational supply and demand information to state agencies, area public agencies, private non-profit users, and individuals making career choices, conduct research to improve the state-wide system, encourage automated technologies, and reduce survey burdens.

Section 227(b) states that the information and analysis required under subsection (a) shall be used by all states and area entities to help carry out the provisions of this Act, the Vocational Education Act of 1963, and the Wagner-Peyser Act.

Section 227(c) states that the Secretary, through the National Occupational Information Coordinating Committee, will reimburse the states for the costs of carying out this section, but aggregate reimbursements shall not exceed the amount available for the subsection.

Section 227(d) permits the Governor to alter the procedures and reporting requirements for collecting labor market information as long as the Governor notifies the heads of the appropriate federal agencies. The federal agency heads will approve the changes unless

within 60 days the agency can show that the change will not meet the purposes of federal law. Any adverse decision may be appealed to the Director of the Office of Management and Budget, who will make a decision within 60 days.

Title III—Administrative and General Provisions

Authorization of appropriations; program year

Section 301(a) authorized to be appropriated such sums as necessary to carry out the provisions of titles I, II and III and the Job Corps.

Section 302(b)(1) directs that appropriations under the Act for any fiscal year, beginning with fiscal year 1984, be available for obligation only on the basis of a program year, which begins on July 1 in the fiscal year for which the appropriation is made.

Section 302(b)(2) authorizes recipients and subrecipients to expend funds obligated in a program year either during that program year or the 2 succeeding program years, and prohibits deobligation of any funds on account of a rate of expenditure which is consistent with the program plan.

Section 302(b)(3) permits fiscal year 1983 appropriations to be used to fund activities between October 1, 1982 and July 1, 1983, and for the program year beginning July 1, 1983; and authorizes appropriations of whatever additional funds are necessary to carry out the transition to program year funding.

Distribution of funds

Section 302(a)(1) requires 22 percent of appropriations for titles I, II and III for each fiscal year to be set aside for use by the Secretary in accordance with the following provisions.

Section 302(a)(2) makes available 66 percent of the amount set aside in section 302(a)(1) for the Job Corps, and authorizes such additional sums for fiscal year 1983 to assure that the amount available for fiscal year 1983 is equal to the amount available in fiscal year 1982.

Section 302(a)(3) makes available 10.5 percent of the amount set aside in section 302(a)(1) for Indians and Native Americans under title II–A.

Section 302(a)(4) makes available 10 percent of the amount set aside in section 302(a)(1) for migrants and seasonal farmworkers under title II–B.

Section 302(a)(5) makes available the remainder of the amount set aside in section 302(a)(1) for costs of administration, research, evaluation, pilot projects, technical assistance, labor market information under title II, and the National Commission for Employment Policy.

Section 302(b) provides that remaining amounts appropriated for titles I, II and III be allotted in accordance with section 101.

Section 302(c) states that the Secretary, with respect to financial assistance under Part C of title II of this Act, and the Governor, with respect to financial assistance under sections 101(c)(5) and 105(h)(2), shall publish for comment a plan for the use of such financial assistance. After consideration of the comments is received

the Secretary and the Governor, as the case may be, shall publish the plan.

Performance criteria

Section 303(a) states that Congress recognizes job training is an investment in human capital and not an expense, and, to determine whether the investment is productive, criteria must be developed to measure the return on this investment, measured by the increased earnings of participants and reductions in cash welfare payments.

Section 303(b)(1) requires the Secretary to prescribe standards to measure the results for adults of participation in training programs, as indicated by increases in earnings and reductions in cash welfare payments. The standards shall include provisions governing the base period prior to program participation to be used; a representative period after termination; and cost-effective methods for obtaining data.

Section 303(b)(2) requires the Secretary to prescribe standards relating gross program expenditures to total earnings gains and reductions in cash welfare payments to participants.

Section 303(b)(3) authorizes each Governor to prescribe variations in the standards prescribed by the Secretary in section 303(b)(2) based on specific economic factors in the State and in service delivery areas.

Section 303(b)(4) requries the Secretary to prescribe variations in performance criteria for Native American and migrant and seasonal farmworker programs, taking into account their special circumstances.

Section 303(c) authorizes administrators of funds in local service delivery areas to develop their own performance criteria for youth, based on employment competencies recognized by the private industry council, and placement and retention in employment. These performance criteria and competency standards are to be reviewed by the Governor and Secretary for adequacy pursuant to regulations prescribed by the Secretary.

Section 303(d) requires the annual report for each service delivery area to specify the extent to which programs exceeded or failed to meet relevant performance criteria.

Section 303(e) requires the Governor to provide technical assistance to programs which do not meet performance criteria. If this failure persists for a second year, the Governor is required to impose a reorganization plan, which restructures the private industry council, prohibits use of designated delivery agencies or organizations or makes whatever other changes the Governor considers necessary. The Governor also may select an alternative entity to administer the program for the service delivery area, which can be a newly formed private industry council or an agency jointly selected by the Governor and chief elected official of the largest unit of general local government in the service delivery area. No change can be made under this subsection without an opportunity for a fair hearing before a hearing officer.

Section 303(f) states that the National Commission on Employment Policy shall advise the Secretary on the development of such standards evaluate the usefulness of such standards as measures of

performance, and evaluate the impacts of such standards on the choice of who is served and the type of services offered.

Monitoring

Section 304(a) authorizes the Secretary to monitor all recipients and subrecipients of financial assistance under the Act to determine whether they are complying with the Act and its regulations.

Section 304(b) authorizes the Secretary to investigate any matter considered necessary to determine compliance with the Act and its regulations, including examining records, questioning employees, and entering any premises or site in which a program is conducted or records are kept.

Section 304(c) provides that for purposes of investigations or hearings under the Act, the provisions of section 49, title 15, United States Code, relating to attendance of witnesses and production of books, papers and documents, be applicable to the Secretary.

Fiscal controls

Section 305(a)(1) requires each State to establish fiscal control and fund accounting procedures to assure proper disbursal of, and accounting for, Federal funds paid to recipients under titles I, V and VII. The Director of the Office of Management and Budget, in consultation with the Comptroller General, shall establish guidance for proper performance of audits, including a review of fiscal controls and fund accounting procedures established by States.

Section 305(a)(2) requires States, at least once every 2 years, to provide for an independent financial and compliance audit of each recipient and subrecipient of funds under titles I, V and VII of the Act. The Secretary can exempt certain recipients or subrecipients from this audit requirement, under criteria established by the Director of the Office of Management and Budget and upon application by the Governor. However, no exemption could be granted to the State administering agency, the entity which administers the program for a service delivery area or a private industry council.

Section 305(a)(3) requires each audit to be conducted in accordance with applicable provisions of the Standards for Audit of governmental Organizations, Programs, Activities and Functions issued by the Comptroller General.

Section 305(b)(1) requires the Comptroller General to evaluate expenditures of recipients and subrecipients under the Act, on a selective basis, to assure compliance and determine effectiveness. Such evaluations will be conducted whenever the Comptroller General considers it necessary and findings will be periodically reported to Congress.

Section 305(b)(2) provides that nothing in the Act shall relieve the Inspector General of the Department of Labor of responsibilities under the Inspector General Act.

Section 305(b)(3) authorizes the Comptroller General, for purposes of evaluating and reviewing programs under the Act, to have access to and the right to copy any pertinent documents in the possession, custody or control of a State, private industry council, recipient or subrecipient of funds or subgrantee or contractor under the Act.

Section 305(c) requires every recipient and subrecipient to repay to the United States amounts found not to have been spent in accordance with the Act. The Secretary may offset these amounts against any other amount the recipient and subrecipient may become entitled to under the Act, unless there has been a finding of willful disregard of the requirements of the Act, gross negligence, or failure to observe accepted standards of administration.

Section 305(d) requires every recipient and subrecipient to repay from funds other than those received under the Act if there is a determination that misexpenditure of funds was due to willful disregard of the requirements of the Act, gross negligence, or failure to observe accepted standards of administration. No such finding can be made except after notice and opportunity for a fair hearing.

Reports, recordkeeping, and investigations

Section 306(a)(1) requires recipients to keep records sufficient to prepare reports required under the Act and to permit tracing of funds to a level adequate to insure they have not been spent unlawfully.

Section 306(a)(2) requires recipients to maintain records and submit reports that the Secretary requires regarding program performance, and such reports shall be made available to the Secretary, but not required to be submitted more than once each quarter unless specifically requested by Congress of a committee thereof.

Section 306(b)(1) authorizes the Secretary to investigate facts, conditions, practices or other matters considered necessary to determine whether any recipient or subrecipient of funds or any official of such recipient or subrecipient has violated any provision of the Act.

Section 306(b)(2) requires the Secretary to conduct investigations in several States each fiscal year of the use of funds to determine compliance with provisions of the Act. The Comptroller General also may conduct investigations of the use of funds received under the Act by any recipient.

Section 306(b)(3) prohibits the Secretary or Comptroller General from requesting any information not readily available to the recipient, in conducting an investigation under the Act.

Section 306(c) requires each State to make reports concerning operations and expenditures as prescribed by the Secretary, and to prescribe and maintain a management information system.

Administrative adjudications

Section 307(a) permits any applicant for financial assistance, which is dissatisfied because the Secretary has determined not to provide assistance in whole or in part, to request a hearing before an administrative law judge of the Department of Labor. Recipients upon whom the Secretary has imposed a corrective action or sanction also may request such a hearing. All other disputes, except those covered by the nondiscrimination provisions of section 312, shall be adjudicated under grievance procedures established by the recipient or under other applicable laws.

Section 307(b) provides that the burden of proof shall be on the recipient in any hearings conducted before an administrative law judge under the provisions of section 307(a).

Section 307(c) provides that the decision of an administrative law judge constitutes final action by the Secretary, unless a party files specific exceptions within 20 days after the Secretary receives the decision from the administrative law judge. Unless the Secretary accepts the case for review within 30 days of the filing of exception, the decision of the administrative law judge shall be considered the final decision of the Secretary.

Section 307(d) requires that any case accepted for review by the Secretary be decided within 180 days of acceptance. If a decision is not reached within 180 days, the decision of the administrative law judge becomes the final decision of the Secretary.

Section 307(e) provides that the provisions of section 313, dealing with judicial review, apply to any final action of the Secretary under this section.

Affirmative action

Section 308(a) states that a federal contractor who has affirmative action obligations under E.O. 11246 may establish or participate in training programs for individuals meeting eligibility criteria of this Act and which are designed to help such contractors meet affirmative action obligations.

Section 308(a)(1) states the training program must contain a description of the jobs in the contractor's workforce or in the service delivery area for which there is a need for training.

Section 308(a)(2) states the program a description of the recruiting and training functions to be performed by the contractor or the organization engaged to perform the training and what steps will be taken to ensure those completing the training will be referred for job openings.

Section 308(a)(3) requires a description of the demonstrated effectiveness of the organization engaged to perform the training when the contractor does not perform the training.

Section 308(a)(4) requires a description of how the contractor will monitor the training program and retain accurate records of the number, success and placement of trainees.

Section 308(a)(5) requires an estimate of the cost of the program and assurances that contractors will bear the total costs.

Section 308(b)(1) states that a contractor may perform training for jobs in the community as well as his own workforce provided the private industry council in the service delivery area concurs there is a need. Successful placements and positive earnings gains for trainees completing programs may be counted toward meeting performance criteria by the service delivery area. The Office of Federal Contract Compliance will promulgate regulations determining the extent to which a contractor's training program will be considered as satisfying affirmative action obligations. In no event will placement of trainees with employers other than the contractor affect the contractor's own obligations under the E.O. The content of the training program will not be subject to review or regulation by the Office of Federal Contract Compliance. If the OFCCP does not approve a contractor's training program, the Director of OFCCP shall so notify the contractor and provide recommendations, which, if accepted, would qualify the program.

Section 308(b)(2) states that a contractor must continue to meet affirmative action obligations under Executive Order 11246, but a contractor who is required to file written affirmative action plans may file an abbreviated plan, the length and content to be determined by the Director of the OFCCP. Successful operation of a training program, however, shall create a presumption of a good faith effort to meet affirmative action obligations.

Section 308(c). Nothing in this section should be construed to mean: a contractor is compelled to be involved in such training programs, the establishment of exclusive criteria by which a contractor can be found to meet affirmative action obligations, authority to impose additional obligations on contractors who do not participate in such a training program, or permission for the OFCCP to interfere with the authority and responsibilities of the private industry councils.

Administrative provisions

Section 309(a) authorizes the Secretary, in accordance with chapter 5 of title 5, United States Code, to prescribe rules and regulations, to be published in the Federal Register at least 30 days prior to their effective date and submitted to appropriate committees of Congress at the same time.

Section 309(b) authorizes the Secretary to accept, purchase or lease in the name of the Department, and employ or dispose of any money or property received by gift, devise, bequest or otherwise, and to accept voluntary and uncompensated services, notwithstanding section 3679(b) of the Revised Statutes of the United States.

Section 309(c)(1) authorizes the Secretary to allocate or spend funds under the Act in whatever way considered necessary, including (without regard to provisions of section 4774(d) of title 10, United States Code) expenditures for construction, repairs and capital improvements and including any necessary adjustments in payments for overpayments or underpayments.

Section 309(c)(2) provides that when the Secretary allocates or spends funds under Part C, title II of the Act, and when the Governor allocates or spends funds under section 105(h)(2), they shall provide an opportunity for comment to the entity administering the program under title I in each service delivery area before any such grant, contract or agreement is made affecting the delivery of employment and training services in that service delivery area.

Utilization of services and facilities

Section 310(a) authorizes the Secretary, to the extent permitted by law, to use the services and facilities of other Federal entities, and to use the facilities and services of States and local governments, with their consent.

Section 310(b) authorized the Secretary to use job training and other skill development facilities available in industry, labor, public and private educational agencies, other State, Federal or local agencies and appropriate public and private organizations, with their consent.

Interstate agreements

Section 311 authorizes cooperative agreements between States, subject to the approval of the Secretary.

Nondiscrimination

Section 312(a)(1) makes programs funded under the Act subject to the nondiscrimination provisions of the Age Discrimination Act of 1975, section 504 of the Rehabilitation Act, title IX of the Education Amendments of 1972, and title VI of the Civil Rights Act of 1964.

Section 312(a)(2) prohibits discrimination under the Act on the basis of sex, religion, or political affiliation or belief.

Section 312(a)(3) authorizes citizens and nationals of the United States, lawfully admitted permanent resident aliens, lawfully admitted refugees and parolees and other persons authorized by the Attorney General to work in the United States, to participate in programs assisted under the Act.

Section 312(b) requires the Secretary to request compliance by a State or recipient or subrecipient in any case of noncompliance with the nondiscrimination provisions in section 312(a) (1), (2) and (3). If a State or recipient or subrecipient fails to comply within 60 days, the Secretary may refer the case to the Attorney General; use applicable powers and functions provided by title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, or section 504 of the Rehabilitation Act; or take other actions provided by law.

Section 312(c) authorizes the Attorney General to bring civil action in any appropriate district court of the United States for appropriate relief, including injunctive relief, in nondiscrimination cases.

Section 312(d) provides the Job Corps members be considered the ultimate beneficiaries of Federal financial assistance, for purposes of this section.

Judicial review

Section 313(a)(1) permits applicants or recipients of assistance under the Act, aggrieved by the Secretary's final decision in cases of funding, corrective actions or sanctions under section 307, to obtain review of the Secretary's decision in the United States court of appeals by filing a review petition within 30 days of receipt of the Secretary's final order.

Section 313(a)(2) requires the clerk of the court to transmit a copy of any review petition to the Secretary. Review petitions, unless ordered by the court, will not stay the Secretary's order, and shall be heard expeditiously, if possible within 10 days of filing of a reply brief.

Section 313(a)(3) limits court review of objections to the Secretary's order only to those which had been specifically and timely urged before the Secretary. Court review shall be limited to questions of law, and the Secretary's findings of fact shall be considered conclusive if supported by substantial evidence.

Section 313(b) provides the court with jurisdiction to make and enter a decree affirming, modifying or setting aside the Secretary's

order. The court's judgment shall be final, subject to certiorari review by the Supreme Court of the United States.

Program standards

Section 314(a) requires that conditions of training and related employment would be consistent with applicable State and Federal law.

Section 314(b) requires that persons in on-job-training be paid by the employer at the same rate, including periodic increases, as similarly situated employees or trainees and in accordance with applicable State and Federal law.

Section 314(c) requires that conditions of training and related employment be appropriate and reasonable.

Section 314(d) prohibits any currently employed worker from being displaced by any participant, including partial displacement, and prohibits any program from impairing existing contracts for services.

Transition provisions

Section 315 (a), (b), (c) authorizes the Secretary until September 30, 1983, to provide assistance in the same manner as provided under the Comprehensive Employment and Training Act. The Secretary could waive any provisions of law related to rulemaking necessary to carry out his transition provision.

Section 315(d) authorizes the Secretary until September 30, 1984, to withhold funds otherwise payable to a recipient under the Act to satisfy debts to the Government incurred under the Comprehensive Employment and Training Act.

Section 315(e) provides that orders, determinations, rules regulations, permits, grants, contract, certificates, licenses and privileges, issued under the Comprehensive Employment and Training Act on or before September 30, 1983, shall continue in effect until modified or revoked by the Secretary, a court of competent jurisdiction, or by a law other than this Act.

Section 315(f) provides that this Act shall not affect administrative or judicial proceedings pending on the date of enactment, or begun between the date of enactment and September 30, 1984, under the Comprehensive Employment and Training Act.

Section 315(g) prohibits use of Federal funds for advisory councils under the Wagner-Peyser Act or for labor market advisory councils under the Work Incentive program, upon implementation of this Act by the Secretary.

Criminal provisions

Section 316 amends section 665 of title 18, United States Code, to provide criminal penalties for anyone who knowingly enrolls an ineligible participant, embezzles or steals any money, assets or property of a program assisted by the Act, or who willfully obstructs or impedes a Federal investigation conducted under the Act.

References

Section 317 provides that, upon enactment of this Act, references in other statutes to the Comprehensive Employment and Training Act would be considered references to this Act.

Contract authority

Section 318 provides that contract authority under the Act be subject to amounts provided in appropriations Acts.

Repeal; amendment

Section 319(a) repeals the Comprehensive Employment and Training Act (CETA) (other than title IV-B, relating to Job Corps, and title V, relating to the National Commission for Employment Policy); section 5(b) of the Comprehensive Employment and Training Act Amendments of 1978; of section 11(a) of the Wagner-Peyser Act, relating to Federal and State advisory councils.

Section 319(b) amends title IV-B of CETA (relating to Job Corps) to make the definitions of "economically disadvantaged" and "Secretary" consistent with those used in this Act.

Section 319(c) amends section 468 of CETA to provide that Job Corps funds may be spent in accordance with the provisions of part B of title IV of CETA, notwithstanding any limitations in title I of this Act.

Section 319(d)(1) amends section 502(a)(1) of CETA so that the Secretary, the Secretaries of Health and Human Services and Education, the Administrator of Veterans' Affairs, and Chairman of the Equal Employment Opportunity Commission will be nonvoting members of the National Commission for Employment Policy.

Section 319(d)(2) amends section 503 of CETA to eliminate certain current functions of the National Commission, related to evaluations of energy shortages and employment, relationships between employment training programs and the Work Incentive Program, and eligibility standards used in CETA.

Section 319(d)(3) amends section 504(a)(2) of CETA to allow the Chairman of the National Commission for Employment Policy to appoint no more than six professional personnel without regard to Federal provisions regarding competitive service, classification and General Schedule pay rates.

Title IV—Amendments to the Wagner-Peyser Act

Public employment offices program

Section 401 amends sections 1 through 10 of the Wagner-Peyser Act to read as follows:

Section 1 establishes within the Department of Labor the United States Employment Service to promote the establishment and maintenance of a national system of public employment offices.

Section 2 defines "Secretary" as the Secretary of Labor; "service delivery area" the same as in the Training for Jobs Act; and "State" as the several States, District of Columbia, Commonwealth of Puerto Rico, Guam and the Virgin Islands.

Section 3 requires the U.S. Employment Service to assist State programs by prescribing minimum standards of efficiency, assisting them in meeting local problems, providing information on employment opportunities and other information of value, and maintaining a system for clearing labor between the States. The Secretary of Labor is required to assure that unemployment insurance and employment service offices in each State make certain information

available regarding individuals' employment, upon request by public agencies operating the Work Incentive program or Child Support Enforcement Program under title IV of the Social Security Act.

Section 4 authorizes such sums as may be necessary to carry out the Wagner-Peyser Act.

Section 5(a) requires the Secretary to approve payments to States which, except for Guam, have approved unemployment compensation laws under the Federal Unemployment Tax Act and are in compliance with section 303 of the Social Security Act; have coordinated with the public employment service to provide unemployment insurance claimant services; and are compliance with the Wagner-Peyser Act.

Section 5(b) provides that appropriations for any fiscal year, beginning with fiscal year 1984, be available for obligation only on the basis of a program year, beginning on July 1 in the fiscal year for which the appropriation is made. Fiscal year 1983 appropriations shall be available for activities during the period from October 1, 1982 to July 1, 1983, and for the program year beginning July 1, 1983. Additional sums are authorized to carry out this transition to program year funding. Funds obligated for any program year may be spent by the State during that program year and the two succeeding program years and no amount may be deobligated on account of a rate of expenditure which is consistent with the program plan.

Section 6(a) requires the Secretary to allot to States, from the amount appropriated under section 4 each year, an amount based on the State's share of the nation's civilian labor force, except that no state's share shall be less than 90 percent of its allotment percentage in the preceding fiscal year.

Section 6(b) requires that 25 percent of each State's allotment be used so that no more than 10 percent (of the 25 percent) be used for costs of auditing and administration, and the remainder be used for activities described in section 8(b), relating to State-level activities.

Section 6(c) requires that the remaining 75 percent of each State's allotment be allocated by the Governor or legislatively designated State agency among service delivery areas within the State on the basis of the area's share of the State's civilian labor force.

Section 7(a) requires the private industry council established by the Training for Jobs Act in consultation with the State employment security agency to prepare a plan for the service delivery area, unless there is no private industry council, in which case the employment service delivery area plan shall be prepared in cooperation with an official designated by the Governor.

Section 7(b) requires each service delivery area plan to contain a proposed description of employment services and programs to be provided; priorities for providing services in addition to those required for veterans; a proposed budget for the program year; and expected performance accomplishments and a comparison with performance of the previous year.

Section 7(c) requires each State to prepare a consolidated State plan for carrying out the Wagner-Peyser Act, which describes the use of funds allotted to the State and includes a composite of approved service delivery area plans. Each consolidated plan shall be

forwarded to the Secretary, who shall approve the plan within 30 days of its submission if it conforms to the provisions of the Wagner-Peyser Act and is reasonably appropriate and adequate to carry out the Act.

Section 8(a) authorizes the use of funds allotted to a State for employment services and allocated to service delivery areas for: job finding and placement services for jobseekers, including unemployment insurance claimants and veterans; appropriate recruitment services for employers with vacancies; employment counseling, testing, job development and other employment services for jobseekers; special technical services for employers; and preparing the service delivery area plan. In determining use of funds, priority shall be given to local employee and employer needs.

Section 8(b) authorizes use of funds provided to States under section 6(b)(3) (90 percent of 25 percent of each State's allotment) for: evaluation of programs; developing linkages with related programs; services for workers with no reasonable prospect of returning to the occupation or industry from which they have been laid off; labor market and occupational information; a management information system; incentives to reward superior performance in service delivery areas; and supplementing services authorized under the Wagner-Peyser Act in service delivery areas.

Section 8(c) authorizes the Secretary to establish performance standards which would take into account the differences in priorities reflected in State plans.

Section 8(d) prohibits use of funds provided under the Wagner-Peyser Act for advertising in newspapers for jobs paying more than twice the minimum wage established under the Fair Labor Standards Act except as part of a State industrial development effort. Nothing in the Act shall prohibit referral of any applicant to private agencies as long as the applicant is not charged a fee. Funds shall be administered in accordance with approved plans.

Section 8(e) permits States to perform labor market related services, in addition to those described in the consolidated employment service plan, as specified in reimbursable contracts with the Secretary.

Section 9(a) requires States to establish fiscal control and fund accounting procedures. The Director of the Office of Management and Budget, in consultation with the Comptroller General, would establish guidance for proper performance of audits, including a review of fiscal controls and fund accounting procedures established by States. At least once every 2 years, States shall provide for independent financial and compliance audits of funds received under the Wagner-Peyser Act, in accordance with applicable provisions in the Standards for Audit of Governmental Organizations, Programs, Activities and Functions issued by the Comptroller General.

Section 9(b) requires the Comptroller General to evaluate expenditures under the Wagner-Peyser Act, on a selective basis, to assure compliance with the Act and to determine effectiveness of State programs. The Comptroller General shall conduct evaluations whenever considered necessary and would submit findings to the Congress. However, nothing in the Act relieves the Inspector General of the Department of Labor of his responsibilities under the

Inspector General Act. To conduct evaluations under the Wagner-Peyser Act, the Comptroller General shall have access to and the right to copy any pertinent documents in possession, custody or control of States.

Section 9(c) requires States to repay to the United States any amounts found not to have been spent in accordance with the Wagner-Peyser Act. The Secretary may offset these amounts from other amounts the recipient may become entitled to, unless there is a finding that funds were misspent because of willful disregard of the Act's requirements, gross negligence, or failure to observe accepted standards of administration, in which case the State shall repay from funds other than those received under the Wagner-Peyser Act. No such findings may be made except after notice and opportunity for a fair hearing.

Section 10(a) requires States to keep records sufficient to prepare reports required under the Wagner-Peyser Act and to permit tracing of funds to a level adequate to insure funds have not been spent unlawfully.

Section 10(b) authorizes the Secretary to investigate any matters necessary to determine whether a State has violated provisions of the Wagner-Peyser Act. The Secretary is required to conduct investigations in several States each fiscal year, to evaluate compliance. The Comptroller General also is authorzed to conduct investigations. In the course of conducting investigations, neither the Secretary nor the Comptroller General may request information from a State not readily available to the State.

Section 10(c) requires States receiving funds under the Act to make reports as prescribed by the Secretary, and to prescribe and maintain a management information system.

Title V—Dislocated Workers

Authorization; allotment

Section 501 authorizes such sums as necessary to carry out this title, to be allotted among States on the basis of each State's relative number of long-term unemployed persons. For purpose of this title, "State" is defined as the several States and the District of Columbia. The Secretary is authorized to reallocate any portion of a State's allotment if he determines the State cannot use the funds within a reasonable amount of time.

Identification of dislocated workers

Section 502(a) authorizes States to establish procedures to identify substantial groups of workers who have been laid off, are eligible for or have exhausted their entitlement to unemployment compensation and are unlikely to return to their previous occupation or industry, are employed in operations or establishments which the employer has determined to shut down on a permanent basis encounter long-term unemployment, or have become discouraged, and may have substantial barriers to employment by reason of age.

Section 502(b) authorizes States to use private industry councils to assist in identifying dislocated workers.

Section 502(c) requires States, with the assistance of private industry councils, to determine what job opportunities may exist

within or outside the local labor market area for which identified groups of dislocated workers could be retrained. The State also shall determine whether appropriate training is available or could be provided within the area.

Section 502(d) requires that information concerning appropriate training be made available to dislocated workers. The acceptance of such training is to be considered acceptance of approved training for purposes of any Federal law relating to unemployment benefits.

Program elements

Section 503(a) authorizes financial assistance to States to pay 50 percent of the cost of assisting dislocated workers. Eligible services may include but would not be limited to job search assistance, job development, job training in skills for which demand exceeds supply, supportive services, relocation assistance and programs in cooperation with employers or labor organizations to provide early intervention in cases of plant closure.

Section 503(b) provides that whenever a state's unemployment rate is above the national average, the state's matching requirement is decreased by 10 percent for each one percent that the State unemployment rate is above the national average. The Secretary shall determine the average unemployment rate for all states for each fiscal year on the basis of the most recent 12-month period prior to that fiscal year.

Local participation

Section 504 requires every State receiving funds under this title to provide applicants with an opportunity to apply for funding of locally developed projects to carry out the provisions of this title.

Consultation with labor organizations

Section 505 requires that programs conducted with funds under this title, which will provide services to a substantial number of members of a labor organization, be established only after full consultation with the labor organization.

Limitations

Section 506(a) states that no more than 30 percent of the funds available for this title shall be used for the costs of administration and supportive services together.

Section 506(b) states that none of the federal funds under this title may be spent for wages, stipends, or allowances.

Title VI—Coordination of Job Training Activities

Use of private industry councils

Section 601 provides that no Federal law shall be construed to prohibit use of a private industry council for planning or advising programs under the Vocational Education Act of 1963, the Rehabilitation Act of 1973 or any other Federal law relating to employment and training.

Advisory councils

Section 602(a) authorizes Governors, notwithstanding any other provision of law, to combine two or more advisory councils whose functions relate to employment and training or to use one advisory council to perform the functions of another if essential requirements regarding composition of the councils are met.

Section 602(b) requires any Governor wishing to merge or expand advisory councils to give public notice of this intention. This notice also will be transmitted to each Federal agency with responsibility for the law governing the advisory council. The Federal agency head shall approve the Governor's action unless there is good cause shown that the expanded council will not meet essential purposes of Federal law. Any adverse decision by the Federal agency head may be appealed to the Director of the Office of Management and Budget or the head of any other agency designated by the President.

Performance of services by State agencies receiving Federal assistance for training

Section 603(a) amends section 7 of the Economy Act so that provisions dealing with purchase of supplies, equipment or services by one government bureau or department from another would apply to any State agency receiving Federal financial assistance for job training or related programs, as designated by the Governor or Mayor of the District of Columbia.

Section 603(b) authorizes each State agency to contract with any other State agency to perform federally funded job training services, if the Governor determines this will promote efficiency. For purpose of this subsection, "State" would be defined as the several States and District of Columbia.

Title VII—Summer Youth Program

Authorization

Section 701(a) authorizes such sums as may be necessary to be appropriated to carry out this title.

Section 701(b) of the funds appropriated for this title, the Secretary shall first allocate to the areas listed in section 101(b)(2), Puerto Rico and U.S. territories, and eligible entities in Part A of Title II, Native Americans, the same percentage of funds such areas and entities received in fiscal year prior to that in which the determination is made. The remainder of funds shall be allocated pursuant to the formula in section 101(b)(3) and suballocated to service delivery areas in the manner described in section 101(c)(1).

Use of funds

Section 702 enumerates the activities which can be pursued with funds for this title: basic and remedial education, institutional and on-the-job training, work experience programs, employment counseling, occupational training and preparation for work, outreach and enrollment, employability assessment, job referral and placement, job search and job club activities, and other programs designed to prepare youth for, or place them in employment. Support-

ive services which are necessary to enable a person to participate in training or to retain employment are allowed.

Limitations

Section 703(a) states that programs under this title shall be conducted only during the summer months.

Section 703(b) states that participants must be economically disadvantaged and under the age of 22.

Applicable provisions

Section 704 states that private industry councils established under Title I, local elected officials, state job training councils, and governors will have the same authority, duties and responsibilities with respect to planning and administration of funds under this title.

CHANGES IN EXISTING LAW

In compliance with rule XXVI paragraph 12 of the Standard Rules of the Senate, the following provides a print of the statute or the part or section thereof to be amended or replaced (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

COMPREHENSIVE EMPLOYMENT AND TRAINING ACT AMENDMENTS OF 1978

SECS. 1-449 [Repeal].

TITLE IV—YOUTH PROGRAMS

* * * * * * *

PART B—JOB CORPS

STATEMENT OF PURPOSE

SEC. 450. This part establishes a Job Corps for economically disadvantaged young men and women, sets forth standards and procedures for selecting individuals as enrollees in the Job Corps, authorizes the establishment of residential and nonresidential centers in which enrollees will participate in intensive programs of education, vocational training, work experience, counseling and other activities, and prescribes various other powers, duties, and responsibilities incident to the operation and continuing development of the Job Corps. The purpose of this part is to assist young persons who need and can benefit from an unusually intensive program, operated in a group setting, to become more responsible, employable, and productive citizens; and to do so in a way that contributes where feasible, to the development of national, State, and community resources, and to the development and dissemination of techniques for working with the disadvantaged that can be widely utilized by public and private institutions and agencies.

UTILIZATION OF FUNDS

SEC. 468. Notwithstanding the limitations of [title II and part C of this title,] *title I of the Training for Jobs Act* financial assistance under [title II and part C of this title] *title I of the Training for Jobs Act* which is used for the Job Corps program, may be used in accordance with the provisions of this part.

DEFINITIONS

SEC. 469. For the purpose of this part—

(1) the term "economically disadvantaged" has the same meaning given that term under section 2(3) of the Training for Jobs Act; and

(2) the term "Secretary" means the Secretary of Labor.

SECS. 470–501 [Repeal].

TITLE V—NATIONAL COMMISSION FOR EMPLOYMENT POLICY

* * * * * * *

COMMISSION ESTABLISHED

SEC. 502. (a) There is established a National Commission for Employment Policy (formerly known as the National Commission for Manpower Policy and hereinafter in this title referred to as the "Commission"). The Commission shall be composed of 15 members selected as follows:

(1) The Secretary, the Secretary of Health, Education, and Welfare, the Administrator of Veterans' Affairs, the Chairman of the Equal Employment Opportunity Commission, and the Director of the Community Services Administration[.] *all of whom are nonvoting members.*

(2) A representative of the National Advisory Council on Vocational Education established under section 162 of the Vocational Education Act of 1963.

(3) Nine members, appointed by the President, broadly representative of labor, industry, commerce, education (including vocational and technical education), veterans, State and local elective officials currently serving in office, community based organizations, individuals served by employment and training programs and of the general public.

(b) In making the first appointments under clause (3) of subsection (a), the President may appoint not more than 3 individuals who are serving as members of the National Commission for Manpower Policy on the effective date of this subsection. Any such individuals shall serve for a term of 1 year.

(c) The term of office of each member of the Commission appointed under clause (3) of subsection (a) shall be 3 years, except that—

(1) any member appointed to fill a vacancy shall serve for the remainder of the term for which his predecessor was appointed, and

(2) of the members first taking office—

(A) 3 shall serve for terms of 1 year;

(B) 3 shall serve for terms of 2 years; and

(C) 3 shall serve for terms of 3 years;

as designated by the President at the time of appointment (subject to the provisions of the last sentence of subsection (b)).

(d)(1) The Chairman shall be selected by the President from among members appointed pursuant to clause (3) of subsection (a).

(2) The Commission shall meet not fewer than 3 times each year at the call of the Chairman.

(3) A majority of the members of the Commission shall constitute a quorum, but a lesser number may conduct hearings. Any recommendation may be passed only by a majority of the members present. Any vacancy in the Commission shall not affect its powers but shall be filled in the same manner in which the original appointment was made.

(e) The Chairman (with the concurrence of the Commission) shall appoint a Director, who shall be chief executive officer of the Commission and shall perform such duties as are prescribed by the Chairman.

FUNCTIONS OF THE COMMISSION

SEC. 503. The Commission shall—

(1) identify the employment goals and needs of the Nation, and assess the extent to which employment and training, vocational education, institutional training, vocational rehabilitation, economic opportunity programs, public assistance policies, employment-related tax policies, labor exchange policies, and other policies and programs under this Act and related Acts represent a consistent, integrated, and coordinated approach to meeting such needs and achieving such goals;

(2) develop and make appropriate recommendations (including recommendations responsive to requests made by the Committee on Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives), and develop innovative approaches, designed to meet the needs and goals described in clause (1);

(3) examine and evaluate the effectiveness of any federally assisted employment and training programs (including programs assisted under this Act), with particular reference to the contributions of such programs to the achievement of objectives sought by the recommendations made under clause (2);

(4) examine and evaluate major Federal programs which are intended to, or potentially could, contribute to achieving major objectives of existing employment and training and related legislation or the objectives set forth in the recommendations of the Commission, and particular attention shall be given to the programs which are designed, or could be designed, to develop information and knowledge about employment and training problems through research and demonstration projects or to train personnel in fields (such as occupational counseling, guidance and placement) which are vital to the success of employment and training programs;

(5)(A) identify, after consultation with the National Advisory Council on Vocational Education, the employment and training and vocational education needs of the Nation and assess the

extent to which employment and training, vocational education, vocational rehabilitation, and other programs assisted under this and related Acts represent a consistent, integrated, and coordinated approach to meeting such needs; and

(B) comment, at least once annually, on the reports of the National Advisory Council on Vocational Education which comments shall be included in one of the reports submitted by the National Commission pursuant to this title and in one of the reports submitted by the National Advisory Council on Vocational Education pursuant to section 162 of the Vocational Education Act of 1963;

[(6) evaluate and continue to study and make recommendations to the Congress on the impact of energy shortages and new energy developments upon employment and training needs and include the findings and recommendations with respect thereto in the reports required by section 505;]

[(7)] *(6)* study and make recommendations on how, through policies and actions in the public and private sectors, the Nation can attain and maintain full employment, with special emphasis on the employment difficulties faced by the segments of the labor force that experience differentially high rates of unemployment; *and*

[(8)] *(7)* identify and assess the goals and needs of the Nation with respect to economic growth and work improvements, including conditions of employment, organizational effectiveness and efficiency, alternative working arrangements, and technological changes[;].

[(9) examine and evaluate the relationships between employment and training programs assisted under this Act with programs under parts A and C of title IV of the Social Security Act and related public assistance programs under the Social Security Act; and

[(10)(A) examine and evaluate the eligibility standards set forth in titles II and VI of this Act, and of the Comprehensive Employment and Training Act of 1973, to determine their impact on single heads of households (especially women and older Americans); and (B) submit a report, not later than July 1, 1979, to the Congress, for appropriate referral, on the Commission's findings together with any proposed changes in this Act concerning the eligibility standards for such single heads of households.]

ADMINISTRATIVE PROVISIONS

SEC. 504. (a) Subject to such rules and regulations as may be adopted by the Commission, the Chairman is authorized to—

(1) prescribe such rules and regulations as may be necessary;

(2) appoint and fix the compensation of such staff personnel as the Chairman deems necessary, and without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title, relating to classification and the General Schedule

pay rates, appoint not to exceed [3] *6* additional professional personnel;

(3) procure the services of experts and consultants in accordance with section 3109 of title 5, United States Code;

(4) accept voluntary and uncompensated services of professional personnel, consultants, and experts, notwithstanding any other provision of law;

(5) accept in the name of the United States and employ or dispose of gifts or bequests to carry out the functions of the Commission under this title;

(6) enter into contracts and make such other arrangements and modifications, as may be necessary;

(7) conduct such studies, hearings, research activities, demonstration projects, and other similar activities as the Commission deems necessary to enable the Commission to carry out its functions under this title;

(8) use the services, personnel, facilities, and information of any department, agency, and instrumentality of the executive branch of the Federal Government and the services, personnel, facilities, and information of State and local public agencies and private research agencies, with the consent of such agencies, with or without reimbursement therefor; and

(9) make advances, progress, and other payments necessary under this Act without regard to the provisions of section 3648 of the Revised Statutes (31 U.S.C. 529).

(b) Upon request made by the Chairman of the Commission, each department, agency, and instrumentality of the executive branch of the Federal Government is authorized and directed to make its services, personnel, facilities, and information (including computer-time, estimates, and statistics) available to the greatest practicable extent to the Commission in the performance of its functions under this Act.

SECS. 505–809 [Repealed].

WAGNER-PEYSER ACT

[THE ACT OF JUNE 3, 1933, AS AMENDED]

(Popularly Known as the Wagner-Peyser Act)

AN ACT To provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, [That (a) in order to promote the establishment and maintenance of a national system of public employment offices there is hereby created in the Department of Labor a bureau to be known as the United States Employment Service, at the head of which shall be a director. The director shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive a salary at the rate of $8,500 per annum.

[(b) Upon the expiration of three months after the enactment of this Act the employment service now existing in the Department of Labor shall be abolished; and all records, files, and property (in-

cluding office equipment) of the existing employment service shall thereupon be transferred to the United States Employment Service; and all the officers and employees of such service shall thereupon be transferred to the United States Employment Service created by this Act without change in classification or compensation.

[SEC. 2. The Secretary of Labor is authorized, without regard to the civil service laws, to appoint and, without regard to the Classification Act of 1923, as amended, to fix the compensation of one or more assistant directors and such other officers, employees, and assistants, and to make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere and for law books, books of reference, and periodicals) as may be necessary to carry out the provisions of this Act. In case of appointments for service in the veterans' employment service provided for in section 3 of this Act, the Secretary shall appoint only veterans of wars of the United States.

[SEC. 3. (a) It shall be the province and duty of the bureau to promote and develop a national system of employment offices for men, women, and juniors who are legally qualified to engage in gainful occupations, including employment counseling and placement services for handicapped persons, to maintain a veterans' service to be devoted to securing employment for veterans, to maintain a farm placement service, and, in the manner hereinafter provided, to assist in establishing and maintaining systems of public employment offices in the several States and the political subdivisions thereof in which there shall be located a veterans' employment service. The bureau shall also assist in coordinating the public employment offices throughout the country and in increasing their usefulness by developing and prescribing minimum standards of efficiency, assisting them in meeting problems peculiar to their localities, promoting uniformity in their administrative and statistical procedure, furnishing and publishing information as to opportunities for employment and other information of value in the operation of the system, and maintaining a system for clearing labor between the several States. It shall be the further duty of the bureau to assure that such employment offices in each State, upon request of a public agency administering or supervising the administration of a State plan approved under part A of title IV of the Social Security Act or of a public agency charged with any duty or responsibility under any program or activity authorized or required under part D of title IV of such Act, shall (and, notwithstanding any other provision of law, is hereby authorized to) furnish to such agency making the request, from any data contained in the files of any such employment office, information with respect to any individual specified in the request as to (A) whether such individual is receiving, has received, or has made application for, unemployment compensation, and the amount of any such compensation being received by such individual, (B) the current (or most recent) home address of such individual, and (C) whether such individual has refused an offer of employment and, if so, a description of the employment so offered and terms, conditions, and rate of pay therefor.

[(b) Whenever in this Act the word "State" or "States" is used it shall be understood to include Puerto Rico, Guam, the District of Columbia, and the Virgin Islands.

[SEC. 4. In order to obtain the benefits of appropriations apportioned under section 5, a State shall, through its legislature, accept the provisions of this Act and designate or authorize the creation of a State agency vested with all powers necessary to cooperate with the United States Employment Service under this Act.

[SEC. 5. (a) There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts from time to time as the Congress may deem necessary to carry out the purposes of this Act.

[(b) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State which (i), except in the case of Guam, has an unemployment compensation law approved by the Secretary under the Federal Unemployment Tax Act and is found to be in compliance with section 303 of the Social Security Act, an amended, and (ii) is found to be in compliance with the Act of June 6, 1933 (48 Stat. 113), and amended, such amounts as the Secretary determines to be necessary for the proper and efficient administration of its public employment offices, but not to exceed $677,800,000 in the fiscal year beginning October 1, 1981. For purposes of this subsection, the term "proper and efficient administration of its public employment offices" shall mean only such functions as are necessary to carry out the provisions of this Act and shall not include functions authorized or required under the Internal Revenue Code of 1954, the Immigration and Nationality Act, or chapter 41 of title 38, United States Code.

[SEC. 6. Repealed (64 Stat. 823).

[SEC. 7. Repealed (64 Stat. 823).

[SEC. 8. Any State desiring to receive the benefits of this Act shall, by the agency designated to cooperate with the United States Employment Service, submit to the Director detailed plans for carrying out the provisions of this Act within such State. Such plans shall include provision for the promotion and development of employment opportunities for handicapped persons and for job counseling and placement of such persons, and for the designation of at least one person in each State or Federal employment office, whose duties shall include the effectuation of such purposes. In those States where a State board, department, or agency exists which is charged with the administration of State laws for vocational rehabilitation of physically handicapped persons, such plans shall include provision for cooperation between such board, department, or agency and the agency designated to cooperate with the United States Employment Service under this Act. If such plans are in conformity with the provisions of this Act and reasonably appropriate and adequate to carry out its purposes, they shall be approved by the Director and due notice of such approval shall be given to the State agency.

[SEC. 9. Each State agency cooperating with the United States Employment Service under this Act shall make such reports concerning its operations and expenditures as shall be prescribed by the Director. It shall be the duty of the Director to ascertain whether the system of public employment offices maintained in each State is conducted in accordance with the rules and regulations and the standards of efficiency prescribed by the Director in accordance with the provisions of this Act. The Director may

revoke any existing certificates or withhold any further certificate provided for in section 7, whenever he shall determine, as to any State, that the cooperating State agency has not properly expended the moneys paid to it or the moneys herein required to be appropriated by such State, in accordance with plans approved under this Act. Before any such certificate shall be revoked or withheld from any State, the Director shall give notice in writing to the State agency stating specifically wherein the State has failed to comply with such plans. The State agency may appeal to the Secretary of Labor from the action of the Director in any such case, and the Secretary of Labor may either affirm or reverse the action of the Director with such directions as he shall consider proper.

[SEC. 10. During the current fiscal year and the two succeeding fiscal years the Director is authorized to expend in any State so much of the sum apportioned to such State according to population, and so much of the unapportioned balance of the appropriation made under the provisions of section 5 as he may deem necessary, as follows:

[(a) In States where there is no State system of public employment offices, in establishing and maintaining a system of public employment offices under the control of the Director.

[(b) In States where there is a State system of public employment offices, but where the State has not complied with the provisions of section 4, in establishing a cooperative Federal and State system of public employment offices to be maintained by such officer or board and in such manner as may be agreed upon by and between the Governor of the State and the Director.

[The authority contained in this section shall terminate at the expiration of the period specified in the first paragraph of this section, and thereafter no assistance shall be rendered such States until the legislatures thereof provide for cooperation with the United States Employment Service as provided in section 4 of this Act.]

That in order to promote the establishment and maintenance of a national system of public employment offices, there is established within the Department of Labor the United States Employment Service.

SEC. 2. For the purpose of this Act—

(1) the term "Secretary" means the Secretary of Labor;

(2) the term "service delivery area" has the same meaning given that term under the Training for Jobs Act; and

(3) the term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, and the Virgin Islands.

SEC. 3. The United States Employment Service shall assist in coordinating the State public employment services throughout the country and in increasing their usefulness by developing and prescribing minimum standards of efficiency, assisting them in meeting problems peculiar to their localities, promoting uniformity in their administrative and statistical procedure, furnishing and publishing information as to opportunities for employment and other information of value in the operation of the system, and maintaining a system for clearing labor between the States. It shall be the duty of the Secretary of Labor to assure that unemployment insur-

ance and employment service offices in each State, as appropriate, upon request of a public agency administering or supervising the administration of a State plan approved under part A of title IV of the Social Security Act or of a public agency charged with any duty or responsibility under any program or activity authorized or required under part D of title IV of such Act, shall (and, notwithstanding any other provision of law, is authorized to) furnish to such agency making the request, from any data contained in the files of any such office, information with respect to any individual specified in the request as to (1) whether such individual is receiving, has received, or has made application for, unemployment compensation, and the amount of any such compensation being received by such individual, (2) the current (or most recent) home address of such individual, and (3) whether such individual has refused an offer of employment and, if so, a description of the employment so offered and the terms, conditions, and rate of pay therefor.

SEC. 4. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

SEC. 5. (a) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State which—

(1) has, except in the case of Guam, an unemployment compensation law approved by the Secretary under the Federal Unemployment Tax Act and is found to be in compliance with section 303 of the Social Security Act, as amended,

(2) is found to have coordinated with the public employment service to provide unemployment insurance claimant services, and

(3) is found to be in compliance with this Act, such amounts as the Secretary determines to be necessary for allotment under section 6.

(b)(1) Beginning with fiscal year 1984 and thereafter appropriations for any fiscal year for programs and activities assisted or conducted under this Act shall be available for obligation only on the basis of a program year. The program year shall begin on July 1 in the fiscal year for which the appropriation is made.

(2) Funds obligated for any program year may be expended by the State during that program year and the two succeeding program years and no amount shall be deobligated on account of a rate of expenditure which is consistent with the program plan.

(3)(A) Appropriations for fiscal year 1983 shall be available both to fund activities for the period October 1, 1982, and July 1, 1983, and for the program year beginning July 1, 1983.

(B) There are authorized to be appropriated such additional sums as may be necessary to carry out the provisions of this paragraph for the transition to program year funding.

SEC. 6. (a) From the amounts appropriated pursuant to section 4 for each fiscal year, the Secretary shall allot to each State an amount which bears the same ratio to the total amount available for allotment in each fiscal year as the number of individuals in the civilian labor force in that State bears to the total number of individuals in the civilian labor force in all States.

(b)(1) Twenty-five per centum of the sum allotted to each State shall be allocated in accordance with the provisions of this subsection.

(2) Not more than 10 per centum of the amount allotted under paragraph (1) of this subsection may be used for the costs of auditing activities and other administrative activities.

(3) The remainder of the amount allotted under paragraph (1) of this subsection to each State shall be used for programs and activities described in section 8(b).

(c) The remainder of the amount allotted to each State shall be allocated by the Governor or legislatively designated State agency among service delivery areas within the State on the basis of the relative number of individuals in the civilian labor force in each service delivery area within the State compared to the total number of such individuals within the State.

SEC. 7. (a) Plans for service delivery areas shall be prepared, in consultation with the designated State employment security agency, by the private industry council established under the Training for Jobs Act. In any case in which there is no private industry council for a service delivery area, the employment service delivery area plan shall be prepared in cooperation with an official designated by the Governor.

(b) Each service delivery area plan under this Act shall contain—

(1) a proposed description of employment services and programs to be provided;

(2) the priorities for providing services in addition to those required for veterans, but such priorities shall not deny referral services to any category of individual;

(3) the proposed budget for the program year, including resources planned for application of the work test; and

(4) expected performance accomplishments and a comparison with the performance of the previous year.

(c)(1) Each plan for a service delivery area shall be forwarded to the State office of the employment service agency for use in developing the consolidated State plan.

(2)(A) The State shall prepare a consolidated State plan for carrying out the provisions of this Act within the State.

(B) Each consolidated State employment service plan shall contain—

(i) a description of the use of funds allotted to the State; and

(ii) a composite of approved plans for service delivery areas within the State providing a statewide description of employment services to be provided.

(3) Each consolidated State plan shall be submitted to the Secretary. If the plan conforms to the provisions of this Act and is reasonably appropriate and adequate to carry out the purposes of this Act, the Secretary shall approve the plan within thirty days after the plan is submitted.

SEC. 8. (a) Funds allotted to a State for employment services and allocated to a service delivery area shall be used for—

(1) job finding and placement services for job seekers, including unemployment insurance claimants and veterans;

(2) appropriate recruitment services for employers with vacancies;

(3) employment counseling, testing, job development, and other employment services for jobseekers;

(4) special technical services for employers; and

(5) preparing the service delivery area plan.

In determining the use of funds, priority shall be given to local employee and employer needs.

(b) Amounts available to States under section 6(b)(3) may be used for—

(1) evaluation of programs;

(2) developing linkages between services funded under this Act and related programs funded under related Federal or State legislation;

(3) providing services for workers who have no reasonable prospect of returning to the occupation or industry from which they have been laid off;

(4) developing and providing labor market and occupational information;

(5) developing a management information system and compiling and analyzing reports therefrom;

(6) providing incentives to reward superior performance in service delivery areas; and

(7) supplementing services authorized under this Act in service delivery areas.

(c) The Secretary is authorized to establish performance standards which shall take into account the differences in priorities reflected in State plans.

(d)(1) No funds paid under this Act may be used for advertising in newspapers for jobs paying more than twice the minimum wage established under the Fair Labor Standards Act of 1938 unless the job is part of a State industrial development effort to encourage new business concerns to locate in the State or to assist an existing business to expand within the State.

(2) Nothing in this Act shall be construed to prohibit the referral of any applicant to private agencies as long as the applicant is not charged a fee.

(3) Funds allocated for employment service use in any State and service delivery area under this Act shall be administered in accordance with the approved plan.

(e) In addition to the services described in the consolidated State employment service plan, the State may perform such other labor market related services as are specified in reimbursable contracts with the Secretary.

SEC. 9. (a)(1) Each State shall establish such fiscal control and fund accounting procedures as may be necessary to assure the proper disbursal of, and accounting for Federal funds paid to the recipient under this Act. The Director of the Office of Management and Budget, in consultation with the Comptroller General of the United States, shall establish guidance for the proper performance of audits. Such guidance shall include a review of fiscal controls and fund accounting procedures established by States under this section.

(2) At least once every two years, the State shall prepare or have prepared an independent financial and compliance audit of funds received under this Act.

(3) Each audit shall be conducted in accordance with applicable auditing standards set forth in the financial and compliance element of the Standards for Audit of Governmental Organizations,

Programs, Activities and Functions issued by the Comptroller General of the United States.

(b)(1) The Comptroller General of the United States shall, on a selective basis evaluate the expenditures by States of funds received under this Act in order to assure that expenditures are consistent with the provisions of this Act and to determine the effectiveness of the State in accomplishing the purposes of this Act. The Comptroller General shall conduct the evaluations whenever he determines it necessary and he shall periodically report to the Congress on the findings of such evaluations.

(2) Nothing in this Act shall be deemed to relieve the Inspector General of the Department of Labor of his responsibilities under the Inspector General Act.

(3) For the purpose of evaluating and reviewing programs established or provided for by this Act, the Comptroller General shall have access to and the right to copy any books, accounts, records, correspondence, or other documents pertinent to such programs that are in the possession, custody, or control of the State.

(c)(1) Every State shall repay to the United States amounts found not to have been expended in accordance with this Act. The Secretary may offset such amounts against any other amount to which the recipient is or may be entitled under this Act unless the Secretary determines that such State should be held liable pursuant to paragraph (2).

(2) Each State shall be liable to repay from funds other than funds received under this Act upon a determination that the misexpenditure of funds was due to willful disregard of the requirements of this Act, gross negligence, or failure to observe accepted standards of administration. No such finding shall be made except after notice and opportunity for a fair hearing.

SEC. 10. (a) Each State shall keep records that are sufficient to permit the preparation of reports required by this Act and to permit the tracing of funds to a level of expenditure adequate to insure that the funds have not been spent unlawfully.

(b)(1) The Secretary may investigate such facts, conditions, practices, or other matters which the Secretary finds necessary to determine whether any State receiving funds under this Act or any official of such State has violated any provision of this Act.

(2)(A) In order to evaluate compliance with the provisions of this Act, the Secretary shall conduct, in several States, in each fiscal year investigations of the use of funds received by States under this Act.

(B) In order to insure compliance with the provisions of this Act, the Comptroller General of the United States may conduct investigations of the use of funds received under this Act by any State.

(3) In conducting any investigation under this Act, the Secretary or the Comptroller General of the United States may not request any information not readily available to such State.

(c) Each State receiving funds under this Act shall—

(1) make such reports concerning its operations and expenditures as shall be prescribed by the Secretary, and

(2) prescribe and maintain a management information system designed to facilitate the compilation and analysis of programmatic and financial data, on statewide and service delivery

area bases, necessary for reporting, monitoring, and evaluating purposes.

SEC. 11. (a) The Director shall establish a Federal Advisory Council composed of men and women representing employers and employees in equal numbers and the public for the purpose of formulating policies and discussing problems relating to employment and insuring impartiality, neutrality, and freedom from political influence in the solution of such problems. Members of such council shall be selected from time to time in such manner as the Director shall prescribe and shall serve without compensation, but when attending meetings of the council they shall be allowed necessary traveling and subsistence expenses, or per diem allowance in lieu thereof, within the limitations prescribed by law for civilian employees in the executive branch of the Government. The council shall have access to all files and records of the United States Employment Service. The Director shall also require the organization of similar State advisory councils composed of men and women representing employers and employees in equal numbers and the public.

(b) In carrying out the provisions of this Act the Director is authorized and directed to provide for the giving of notice of strikes or lockouts to applicants before they are referred to employment.

SEC. 12. The Director, with the approval of the Secretary of Labor, is hereby authorized to make such rules and regulations as may be necessary to carry out the provisions of this Act.

SEC. 13. [Repealed. This section was transferred to title 39 U.S.C., and appears as section 3202 of that title. In effect, it provides that the official mail of the United States Employment Service and employment offices which it is authorized to operate (and State employment systems receiving funds under the Wagner-Peyser Act) is to be transmitted in the mail without prepayment of postage.]

TITLE 18, UNITED STATES CODE

CRIMINAL PROVISIONS

[THEFT OR EMBEZZLEMENT FROM EMPLOYMENT AND TRAINING FUNDS: IMPROPER INDUCEMENT: OBSTRUCTION OF INVESTIGATIONS

[SEC. 665. (a) Whoever, being an officer, director, agent, or employee of, or connected in any capacity with any agency receiving financial assistance under the Comprehensive Employment and Training Act knowingly hires an ineligible individual or individuals, embezzles, willfully misapplies, steals, or obtains by fraud any of the moneys, funds, assets, or property which are the subject of a grant or contract of assistance pursuant to such Act shall be fined not more than $10,000 or imprisoned for not more than 2 years, or both; but if the amount so embezzled, misapplied, stolen, or obtained by fraud does not exceed $100, such person shall be fined not more than $1,000 or imprisoned not more than 1 year, or both.

[(b) Whoever, by threat or procuring dismissal of any person from employment or of refusal to employ or refusal to renew a contract of employment in connection with a grant or contract of assistance under the Comprehensive Employment and Training Act

induces any persons to give up any money or thing of any value to any person (including such grantee agency) shall be fined not more than $1,000, or imprisoned not more than 1 year, or both.

[(c) Any person whoever willfully obstructs or impedes or endeavors to obstruct or impede, an investigation or inquiry under the Comprehensive Employment and Training Act, or the regulations thereunder, shall be punished by a fine of not more than $5,000, or by imprisonment for not more than 1 year, or by both such fine and imprisonment.]

[665. Theft or embezzlement from employment and training funds; improper inducement; obstruction of investigations.]

THEFT OR EMBEZZLEMENT OF JOB TRAINING FUNDS: OBSTRUCTION OF INVESTIGATIONS

SEC. 665. (a) Whoever, being an officer, director, agent, or employee of, or connected in any capacity with any agency or organization receiving financial assistance under the Training for Jobs Act knowingly enrolls an ineligible participant, embezzles, willfully misapplies, steals, or obtains by fraud any of the moneys, funds, assets or property, which are the subject of a financial assistance agreement or contract under such Act, shall be fined not more than $10,000 or imprisoned for not more than two years, or both; but if the amount so embezzled, misapplied, stolen, or obtained by fraud does not exceed $100, such person shall be fined not more than $1,000 or imprisoned for not more than one year, or both.

(b) Any person who willfully obstructs or impedes, or willfully endeavors to obstruct or impede, an investigation by Federal authorities under the Training for Jobs Act or the Federal regulations under the Act, shall be fined not more than $5,000 or imprisoned for not more than one year, or both.

665. Theft or embezzlement of job training funds: obstruction of investigations.

ACT OF MAY 21, 1920 (ECONOMY ACT) (31 U.S.C. 686)

§ 686. Purchase or manufacture of stores or materials or performance of services by bureau or department for another bureau or department

(a)*(1)* Any executive department or independent establishment of the Government, or any bureau or office thereof, if funds are available therefor and if it is determined by the head of such executive department, establishment, bureau, or office to be in the interest of the Government so to do, may place orders with any other such department, establishment, bureau, or office for materials, supplies, equipment, work, or services, of any kind that such requisitioned Federal agency may be in a position to supply or equipped to render, and shall pay promptly by check to such Federal agency as may be requisitioned, upon its written request, either in advance or upon the furnishing or performance thereof, all or part of the estimated or actual cost thereof as determined by such department, establishment, bureau, or office as may be requisitioned; but proper adjustments on the basis of the actual cost of the materials, supplies, or equipment furnished, or work or services performed paid for in advance, shall be made as may be agreed upon by the depart-

ments, establishments, bureaus, or offices concerned: *Provided,* That the Department of the Army, Navy Department, Treasury Department, Federal Aviation Administration, and the Federal Maritime Commission may place orders, as provided herein, for materials, supplies, equipment, work, or services, of any kind that any requisitioned Federal Agency may be in a position to supply, or to render or to obtain by contract: *Provided further,* That if such work or services can be as conveniently or more cheaply performed by private agencies such work shall be let by competitive bids to such private agencies. Bills rendered, or requests for advance payments made, pursuant to any such order, shall not be subject to audit or certification in advance of payment.

(2) The provisions of paragraph (1) of this subsection (except the provisos of such paragraph) shall be applicable to any State agency receiving Federal financial assistance for job training or related programs, as designated by the Governor of the State or the Mayor of the District of Columbia.

(b) Amounts paid as provided in subsection (a) of this section shall be credited, (1) in the case of advance payments, to special working funds, or (2) in the case of payments other than advance payments, to the appropriations or funds against which charges have been made pursuant to any such order, except as hereinafter provided. The Secretary of the Treasury shall establish such special working funds as may be necessary to carry out the provisions of this subsection. Such amounts paid shall be available for expenditure in furnishing the materials, supplies, or equipment, or in performing the work or services, or for the objects specified in such appropriations or funds. Where materials, supplies, or equipment are furnished from stocks on hand, the amounts received in payment therefor shall be credited to appropriations or funds, as may be authorized by other law, or, if not so authorized, so as to be available to replace the materials, supplies, or equipment, except that where the head of any such department, establishment, bureau, or office determines that such replacement is not necessary the amounts paid shall be covered into the Treasury as miscellaneous receipts.

(c) Orders placed as provided in subsection (a) of this section shall be considered as obligations upon appropriations in the same manner as orders or contracts placed with private contractors. Advance payments credited to special working funds shall remain available to the procuring agency for entering into contracts and other uses during the fiscal year or years for which the appropriation involved was made and thereafter until said appropriation lapses under the law to the surplus fund of the Treasury.

Mar. 4, 1915, c. 143, § 1, 38 Stat. 1084; May 21, 1920, c. 194, § 7, 41 Stat. 613; June 30, 1932, c. 314, § .601, 47 Stat 417; June 22, 1936, C689, Title IV, § 8, 49 Stat. 1648; July 20, 1942, c. 507, 56 Stat. 661; June 26, 1943, c. 150, § 1, 57 Stat. 219; 1950 Reorg. Plan No. 21, eff. May 24, 1950, 15 F.R. 3178, 64 Stat. 1273; Aug. 23, 1958, Pub. L. 85-726, Title XIV, § 1407, 72 Stat. 808; 1961 Reorg. Plan No. 7, eff. Aug. 12, 1961, 26 F.R. 7315, 75 Stat. 840.

LETTER FROM THE ADMINISTRATION

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., May 26, 1982.

Hon. ORRIN G. HATCH,
Chairman, Committee on Labor and Human Resources,
U.S. Senate, Washington, D.C.

DEAR ORRIN: I am pleased to communicate to you personally and to the Committee on Labor and Human Resources a statement in behalf of the Administration with regard to S. 2036 which currently is pending for mark-up before the Committee.

If amendments (and language when indicated) to achieve the following are adopted, the Administration will support the bill:

1. A guarantee that at least 70 percent of the funds authorized by this legislation under Titles I and V shall be used for training with a maximum of 30 percent available for administration and supportive services (language supplied—enclosure A).

2. An absolute ban on the payment of wages, stipends or allowances from funds authorized for Titles I and V (language supplied—enclosure B).

3. A definition of "supportive services" which excludes wages, allowances and stipends, with a flexible 15/15 percent division for the 30 percent allowed for administrative costs and the cost of supportive services (language supplied—enclosure C).

4. A limit on public sector on-the-job training, with funds authorized by this Act, to the ratio between civilian governmental employment and non-governmental employment (language supplied—enclosure D).

5. A loan fund, authorized to be established to assist participants, with financing of the fund to be limited to the 30 percent portion for administration and support services (language supplied—enclosure E).

6. A summer youth program proposed as a separate, free standing title, funded and operated separately at an authorization level of "such sums as may be necessary." Funds for this purpose must come from within the total funds authorized for this Act.

7. No other amendments which violate the principles set forth above or the Administration's "New Federalism" block grant concept.

Sincerely,

DAVID A. STOCKMAN, *Director.*

Enclosures.

ENCLOSURE A

S. 2036 is amended on page 24 by deleting line 18 and inserting in lieu thereof the following:

> acteristics of individuals to be served; and
>
> (c) guarantee that the amount to be spent in the State on supportive services and administration together shall not exceed 30 percentum of the funds available to the State under this title, and that the remaining 70 percen-

tum of the funds shall be used for job training consistent with section 105(b)(1).

This amendment applies to Title I and Title V of S. 2036.

ENCLOSURE B

Page 21, delete lines 21 and 22 and insert in lieu thereof:

(b)(1) In order to ensure that at least 70 percentum of the funds available under this title are spent on job training:

(A) no funds under this title shall be used for wages, allowances or stipends; and

(B) the amount to be spent in the State on supportive services and administration shall not exceed 30 percentum of the funds available to the State under this title.

(2) No funds under this title shall be used for public service employment.

This amendment applies to Title I and Title V of S. 2036.

ENCLOSURE C

REDEFINITION OF SUPPORTIVE SERVICES

Page 7, delete lines 7–16 and insert in lieu thereof:

The term "supportive services" means services which are necessary to enable an individual eligible for training under this Act, but who cannot afford to pay for such services, to participate in a training program funded under this Act. Such supportive services may include in-kind provision, cash assistance or loans for transportation, child care, meals, financial counseling or other reasonable expenses required for participation in the training program. Payments to participants under the previous sentence shall not be deemed to be allowances for purposes of this Act. The term "supportive services" does not mean and shall not be interpreted to mean wages, allowances or stipends.

This amendment applies to Title I and Title V of S. 2036.

ENCLOSURE D

PUBLIC SECTOR OJT

Page 21, at the end of line 8 insert:

Provided, That in each service delivery area the ratio of participants in on-the-job training in the public sector to participants in such training in the private sector shall not exceed the ratio between civilian governmental employment and nongovernmental employment in such areas;

This amendment applies to Title I and Title V of S. 2036.

ENCLOSURE E

S. 2036 is amended on page 21 by deleting lines 11 through 20 and inserting in lieu thereof the following:

(5) establishing a loan fund, administered by the private industry council to be used by economically disadvantaged participants to provide expenses for the basic necessities for themselves.

To utilize the loan fund established under clause (5), participants must be ineligible for public assistance or otherwise unable to participate in or complete training provided under this Act. Each participant shall begin repayment of the loan, with interest, upon entry into unsubsidized employment or six months after the termination of the training.

This amendment applies to Title I and Title V of S. 2036.

ADDITIONAL VIEWS

We joined with members of the majority in favorably reporting the Training for Jobs Act because we believe it is essential to continue the federal government's commitment to training disadvantaged and unemployed persons for permanent jobs in expanding sectors of our economy.

We view this program as an important long term investment to help those individuals who even in good economic times can't find work because they lack the basic literacy and job skills employers seek in the workers they hire.

While on balance we support the bill as reported, we share a number of concerns about what we perceive to be deficiencies in the committee bill. It is important to note that this legislation specifically prohibits jobs creation in the public sector. We continue to believe that the federal government has a responsibility in recessionary times to create jobs for the long term unemployed. These workers have skills and talents that can and should be put to good use rebuilding the decaying infrastructure in communities across the nation.

The training bill includes a "such sums" authorization and a cost estimate from the Congressional Budget Office of $4.1 billion. We believe the $3.8 billion authorization for the core training programs contained in the bill as originally introduced and included in the Senate Budget Resolution comes closer to meeting the needs of the disadvantaged than the Administration's request for $2.4 billion.

Even the $3.8 billion level will mean a reduction in services, since it does not take account of increased costs in program operations. We believe the $4.5 billion we recommended to the Senate Budget Committe last March is a realistic funding level to insure continuation of current service levels as well as adequate funding for the new dislocated workers program authorized in Title V.

We also regret that the full committee failed to accept the Metzenbaum-Weicker amendment to authorize the designation of consortia of local governments as service delivery areas, if they included a population of 250,000. We believe this proposal recognized the importance of planning and running programs on a labor market wide basis and would have encouraged communities to come together for this purpose.

Notwithstanding these concerns, the bill as reported retains many of the features of the bi-partisan legislation originally introduced by Senators Quayle, Kennedy, Hawkins and Pell. It recognizes the legitimate interests of state governments in employment and training while guaranteeing that the priorities of local governments and their business communities can be carried out through the program plan. It gives business a majority of seats on the Private Industry Council and thus the lead in designing the local training program. But it also recognizes that these programs will

succeed only if there is an effective partnership between business and local government. This partnership is required to ensure that training programs meet the range of a community's needs—those of participants as well as those of employers. This partnership will also provide full accountability to the public for the use of these funds.

We also believe these local partnerships will succeed only if all of the partners have the flexibility and discretion to fashion programs tailored to address the distinct needs of each community. We are deeply concerned that a number of the amendments adopted at the request of the Administration will severely and unnecessarily limit and constrain the authority of local officials to plan and implement effective programs.

Our strongest concern relates to the absolute prohibition on the payment of wages, allowances and stipends, which seriously undermines one of the most important hallmarks of the bill as it was introduced—local determination and decision-making on the best use of funds. This prohibition ignores the significant body of evidence that documents the benefits of long term training as well as the benefits of programs that combine classroom training with work experience.

The W. E. Upjohn Institute for Employment Research recently issued a report on the impact of alternative employment and training programs which clearly states the benefits of extended training. The longer participants were in training the more they earned after the completion of the program. Training of less than 10 weeks duration had little or no return. However, participants who graduated from programs of 40 weeks or longer earned as much as $1,400 more a year.

The Congressional Budget Office in another new study has documented the significant earnings gains by women who participated in training. Contrary to Administration claims that work experience is ineffective, the CBO study reports dramatic increases in earnings for women who participated in work experience as well as classroom and on-the-job training programs. This report also recognizes the benefits of longer term training.

In most cases the unemployed and economically disadvantaged can only take advantage of long term training if they have some means of paying their bills and putting food on the table for themselves and their families. Allowances and stipends and programs combining work experience with classroom training have been the traditional means for providing this assistance. The prohibitions on wages and allowances and the restrictions on supportive services will make it virtually impossible for a significant number of these eligible individuals to participate.

We recognize that past programs were equally inflexible and unresponsive to local needs when they mandated allowance payments. There is evidence that these payments often worked against moving participants into permanent unsubsidized employment. We believe, however, that these past abuses can best be corrected and prevented in the future by creating tough performance standards which can be used to hold local officials accountable for running cost effective programs designed to increase participants earnings by moving them into permanent, unsubsidized employment.

The prohibitions now in the bill tie the hands of local officials before the program even gets started. They eliminate tools which have worked in the past. Despite all the rhetoric to the contrary, they effectively substitute the judgment of Washington for that of Governors, Mayors and employers who are closest to the problems that need to be solved.

It is important to note that the bi-partisan training bill as originally introduced provided the necessary flexibility by neither mandating nor prohibiting the payment of wages. It left that decision to the local Private Industry Council. Provisions prohibiting allowances made exceptions for needy participants enrolled in long term training. The bill, as reported unanimously from subcommittee, also recognized the need for local decision-making in these areas.

We hope the bill Congress finally adopts will return decision-making on these important issues to the local level where it really belongs. Despite these differences, we voted to report the Committee bill and will support it.

EDWARD M. KENNEDY.
CLAIBORNE PELL.
DONALD W. RIEGLE, Jr.
SPARK M. MATSUNAGA.
JENNINGS RANDOLPH.
THOMAS F. EAGLETON.
HOWARD M. METZENBAUM.

○